

Margin Facility

User Guide



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Hotline: +63 2 6515888

Email: Helpdesk@colfinancial.com

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Overview of COL Financial's Margin Facility

What is Margin:

COL Financial's Margin Facility is a credit facility that enables you to borrow funds for various purposes like buying more stocks, using your stock holdings in your account as collateral for the loan.



What Margin does:

It enables you to buy more stocks than you would normally be able to in your COL account. With the margin facility, you could borrow up to 100% of your marginable equity*, effectively doubling your buying power.

Without Margin Facility



Cash: P200,000
Can buy stocks worth: P200,000

With Margin Facility



Cash: P200,000
Margin Facility: +P200,000
Can buy stocks worth: P400,000

What is Margin used for:

- **Leveraging of investment.** The potential to increase your returns by owning more stocks that would otherwise be limited by the amount of cash you have in your account.
- **Trading flexibility.** Boost trading capacity to take advantage of several short-term opportunities.
- **Convenience.** This standby credit line can also be used for other purposes, not only in stocks, and be availed of anytime.

How much interest is charged on a Margin Loan?

Like any credit loan, Interest is charged on the amount utilized or borrowed over the period of time it is used.

Here is a view of our flexible interest rates:

Daily Margin Loan	Margin Rate per Month*	Margin Rate per Annum*
Less than Php1,000,000	0.833%	10.0%
Php1,000,000 to Php5,000,000	0.750%	9.0%
Php5,000,000 and Above	0.667%	8.0%
*Please note that the above rates are exclusive of the 12% Value-Added Tax (VAT).		

Note: Interest is charged on a daily basis using an annual interest rate referenced upon the size of credit used. The larger the loan used, the lower the i-rates.

Who can avail:

Existing COL customers with a total account equity (cash plus stocks) of at least Php200,000 and above are eligible to apply for the COL Margin Facility.

*Marginable Equity – stock positions registered under COL Financial's marginable list of companies.

How Margin Facility works

Account Balances:

Once your margin has been approved, click the **TRADE** tab then click the **PORTFOLIO** link to see your new account balance format.

Account Balance

BALANCES	ACTUAL	AVAILABLE
Buying Power Cash	200,000.00	200,000.00
Buying Power w/Margin	400,000.00	400,000.00
Net Cash	200,000.00	200,000.00

Net Cash:

How much actual cash you have on your account

Buying Power w/Margin

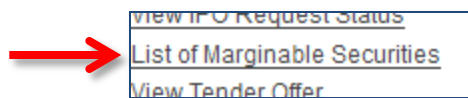
This is your purchasing power amplified to buy Marginable Stocks.

Buying Power Cash

This is your purchasing power to buy Non-Marginable Stocks.

Marginable Stocks:

Marginable securities are pre-qualified list of stocks that can be purchased with augmented buying power using your Margin Facility.



To find COL Financial's list of Marginable Stocks, click on the **LIST OF MARGINABLE SECURITIES** link found in your **Portfolio** page.

Utilizing the Margin Facility:

If your **Net Cash** in your **Portfolio** page runs negative, it means you have availed of credit from your margin facility. A negative value shows the amount of your margin loan.

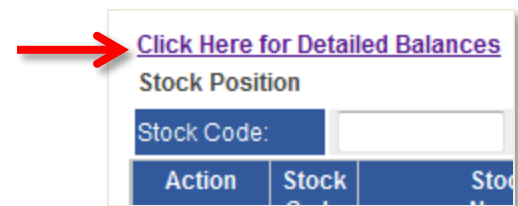
Account Balance

BALANCES	ACTUAL	AVAILABLE
Buying Power Cash	95,000.00	95,000.00
Buying Power w/Margin	190,000.00	190,000.00
Net Cash	-10,000.00	-10,000.00

Note: The example above shows that you have borrowed 10,000 from your margin account. This is also the amount that we will charge daily interest on.

Detailed Balances:

You can also see a detailed summary of your Margin facility from your **Portfolio** page, then clicking on the link shown below.



Margin Interest:

To see your daily charge on margin interest, simply navigate to your **Portfolio** page then click on the **View Monthly Account Ledger (current)** link and look at the Accrued Margin Interest figure.

:Accrued Margin Interest 5.52

Note: Discounts due to our flexible margin rates will be rebated back at the end of the month.

How to compute for Margin Interest Charge

Daily Margin Loan	Margin Rate per Month*	Margin Rate per Annum*
Less than Php1,000,000	0.833%	10.0%
Php1,000,000 to Php5,000,000	0.750%	9.0%
Php5,000,000 and Above	0.667%	8.0%
•Please note that the above rates are exclusive of the 12% Value-Added Tax (VAT).		

$$\text{Interest Charge} = \left[\left(\text{Daily Margin Loan} \times \frac{\text{Annual Rate}}{365 \text{ days}} \right) \times \text{No. of Days used} \right] + 12\% \text{ VAT}$$

Note: Margin interest charge will start once your Net Cash at the end of the day is negative.
No. of Days includes Weekends and Holidays.

1st Buy:

Daily Margin Loan = P150,000

Annual Rate = 10.0%

No. of Days used = 3 days

2nd Buy:

Bought additional: P1,000,000

Daily Margin Loan = P1,150,000

Annual Rate = 9%

No. of Days used = 5 days

Total Charges:

1st Buy : P138.08

2nd Buy: P1,587.95

$$\left[\left(P150,000 \times \frac{10\%}{365} \right) \times 3 \text{ days} \right] + 12\% \text{ VAT}$$

Total Interest Charge = P138.08

$$\left[\left(P1,150,000 \times \frac{9\%}{365} \right) \times 5 \text{ days} \right] + 12\% \text{ VAT}$$

Total Interest Charge = P1,587.95

Total: P1,726.03

To be billed at the end of the month

How to maintain your Margin Facility

Maintaining Balance:

To continue the use of your Margin Facility, a maintaining equity (cash and stock) balance of P50,000 is needed. You can find this figure at the lower left of your online portfolio.

Your Total Account Equity Value is 50,000.00

Maintaining Equity Ownership %:

Equity ownership of an account is the percentage of the value of the account that belongs to you. You must maintain at least 50% equity ownership.

Example:

If you own 70% of an account with an equity of Php200,000; it means that Php140,000 of the account is yours and Php60,000 is the amount that you borrowed from your broker.

You can find your account's **Equity %** under the **CLICK HERE FOR DETAILED BALANCES** link found in the **Portfolio** page.

EQUITY %	100.00
MARGIN COVER %	0.00
MINIMUM EQUITY DEFICIENCY	0.00
MARGIN ALERT	NONE
MARGIN CALL	NONE
MARGIN SUSPENSION	NONE

Margin Alert:

If your equity ownership falls below 50%, a **Margin Alert** will be triggered. An email notice will be sent to you to this fact.

Margin Call:

If your equity ownership falls below 42.857%, a **Margin Call** is issued and you will have 5 business days to raise your equity above 50% . If unable to do so, COL reserves the right to sell any of your shares to raise equity percent back to at least 50%.

Margin Suspension:

If your equity ownership falls below 33.333%, your Margin Facility is automatically suspended, all buying capability is halted, and only selling orders is allowed. You have until noon of the next business day to raise your equity to 50%. If unable to do so, COL reserves the right to sell any of your shares to raise equity % back to 50%.

Note: A suspended margin facility can only be reactivated by a *Margin Reactivation request form found in our **Home >Forms** page.*

To increase Equity Ownership %:

There are 3 options to increase your equity ownership percentage.

- Fund your account with cash
- Deposit more Marginable Stocks
- Sell shares to reduce your margin loan

You can check your **Detailed Balances** in your **Portfolio** page to know how much you would need for each option.

MARGIN CALL CASH DEPOSIT OR SALE OF NON-MARGINABLE SECURITY
MARGIN CALL STOCK DEPOSIT OF MARGINABLE SECURITY
MARGIN CALL STOCK SALE OF MARGINABLE SECURITY

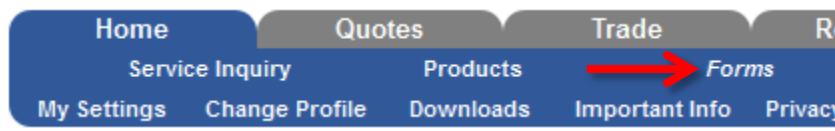
How to avail of the Margin Facility

Who can avail:

Existing COL customers with a total account equity (cash plus stocks) of at least Php200,000 and above are eligible to apply for the COL Margin Facility.

How to apply for Margin:

Step 1: Download our Margin Agreement Form found in the **HOME** tab then click the **FORMS** link



Step 2: Read the terms and conditions before affixing your signature at the last page and write your COL account number underneath.

Note: For joint account holders, both signatories are needed.

Step 3: Submit the original form to our Operations Department at 2401B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.

Once COL Financial receives the forms, a signature verification will be done before processing your Margin Facility request.

Changes in your COL Account:

Once the Margin Facility has been activated, click the **TRADE** tab then the **PORTFOLIO** link. Your account balance view will have a new format.

Account Balance

BALANCES	ACTUAL	AVAILABLE
Buying Power Cash	200,000.00	200,000.00
Buying Power w/Margin	400,000.00	400,000.00
Net Cash	200,000.00	200,000.00

View approved Margin Limit:

To know how much credit the Margin Facility can give you, check your detailed balances on your portfolio page.



Underneath the detailed balances, note the Approved Margin Limit row to see your maximum allowable credit.

MARGIN LOAN	0.00
APPROVED MARGIN LIMIT	200,000.00
MARGIN RATE	200%