

# What is the Margin System?

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The Margin System is a financial mechanism in which the buyer (client) pays only a small portion of the total value of the asset they wish to purchase. This portion is referred to as the **margin**. The remaining balance is then provided by an intermediary — whether a bank or another licensed financial institution — in the form of a loan.

Under this arrangement, the purchased contracts or assets remain held by the intermediary as collateral, securing the outstanding loan amount until the client fulfills their full financial obligation.

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## KEY TERMS

<b>Margin</b>	The initial deposit paid by the client — a fraction of the full asset value.
<b>Intermediary</b>	A bank or broker that provides the remaining balance on behalf of the client.
<b>Collateral</b>	The purchased assets held by the intermediary to secure the outstanding loan.