

Dear FSI, I would like to express my concern over the practice of banks reducing and removing the Loan to Value Ratio (LVR) of stocks on a margin loan. It is common for banks to remove the LVR of a stock or stocks, forcing the loan into a margin call. The bank will then demand payment for the loan immediately or sell the clients stock. This is unfair. Once a stock has been loaned against, the LVR should remain. If the value of the stock falls, the amount loaned against it also falls, so there is no need to remove the LVR. Future lending against the stock can be reduced or cancelled if the bank wishes. If a loan falls into margin call due to falling share prices, the client should have a minimum of five working days or longer to meet the obligation, not less than 24 hours as is currently the case. Banks should not be allowed to force margin calls by removing the LVR of stocks. Can you please address this issue. Thankyou. Ian McFarlane.