

RIGHTS AND OBLIGATIONS RELATING TO MARGIN TRADING FACILITY (MTF) PROVIDED BY STOCK BROKERS/ TRADING MEMBER TO CLIENTS

A. BSE LIMITED (BSE)

- I. Stock Broker/ Trading Member is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time.
- II. Stock Broker/ Trading Member desirous of extending MTF to their clients is required to obtain prior permission of BSE. Stock Broker / Trading Member may note that BSE has the right to withdraw the permission at anytime.
- III. Stock Broker/ Trading Member shall extend the MTF to the client, on such terms and conditions as specified by the Stock Exchange / SEBI from time to time. Stock Broker/ Trading Member and the client shall abide by the requirements of the margin trading framework, including rights and obligations, as prescribed by Stock Exchange/ SEBI/ Stock Broker/ Trading Member.
- IV. Stock Broker/ Trading Member shall intimate all the terms and conditions, including maximum allowable exposure, specific stock exposures etc., as well as the rights and obligations to the client desirous of availing MTF.
- V. Stock Broker/ Trading Member may, at its sole and absolute discretion, increase the limit of initial and/or maintenance margin, from time to time. The Client shall abide by such revision, and where there is an upward revision of such margin amount, he agrees to make up the shortfall within such time as the Stock Broker/ Trading Member may permit. It may however, be noted that the initial/ maintenance margins shall never be lower than that prescribed by Stock Exchange/ SEBI.
- VI. Stock Broker/ Trading Member shall provide MTF only in respect of such shares, as may be permitted by Stock Exchange/ SEBI.
- VII. Stock Broker/ Trading Member shall liquidate the securities and other collateral, if the client fails to meet the margin call to comply with the margin requirement as specified by Stock Exchange/ SEBI/ Stock Broker/ Trading Member. In this regard, Stock Broker/ Trading Member shall also list down situations/ conditions in which the securities may be liquidated (Stock Broker/ Trading Member to list down situations/ conditions):
- VIII. Stock Broker/ Trading Member shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.

- IX. The stocks deposited as collateral with the Stock Broker/ Trading Member for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount
- X. IPF shall not be available for transactions done on the Stock Exchange, through MTF, in case of any losses suffered in connection with the MTF availed by the client.

B. NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

I. CLIENT RIGHTS

- I. Client shall receive all communications in a mode mutually agreed between the broker and the client regarding confirmation of orders/trades, margin calls, decision to liquidate the position / security.
- II. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by the Stock Broker to the Exchange towards securities after paying all dues.
- III. Client has a right to change the securities collateral offered for Margin Trading Facility at any time so long as the securities so offered are approved for margin trading facility.
- IV. Client may close / terminate the Margin Trading Account at any time after paying the dues.

II. CLIENT OBLIGATIONS

- I. Client shall, in writing in his own hand or in any irrefutable electronic method, agree to avail of Margin Trading Facility in accordance with the terms and conditions of Margin Trading Facility offered by the broker, method of communication for confirmation of orders/trades, margin calls and calls for liquidation of collateral/security/position.
- II. Client shall inform the broker of its intent to shift the identified transaction under Margin Trading Facility within the time lines specified by the broker failing which the transaction will be treated under the normal trading facility
- III. Client shall place the margin amounts as the Stock Broker may specify to the client from time to time.

- IV. On receipt of 'margin call', the client shall make good such deficiency in the amount of margin placed with the Stock Broker within such time as the Stock Broker may specify.
- V. By agreeing to avail Margin Trading Facility with the broker, client is deemed to have authorized the broker to retain and/or pledge the securities provided as collateral or purchased under the Margin Trading Facility till the amount due in respect of the said transaction including the dues to the broker is paid in full by the client.
- VI. Client shall lodge protest or disagreement with any transaction done under the margin trading facility within the timelines as may be agreed between the client and broker.

III. STOCK BROKER RIGHTS

- I. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
- II. Stock broker may set up its own risk management policy that will be applicable to the transactions done under the Margin Trading Facility. Stock broker may make amendments there to at any time but give effect to such policy after the amendments are duly communicated to the clients registered under the Margin Trading Facility.
- III. The broker has a right to retain and/or pledge the securities provided as collateral or the securities bought by the client under the Margin Trading Facility.
- IV. The broker may liquidate the securities if the client fails to meet the margin call made by the broker as mutually agreed of liquidation terms but not exceeding 5 working days from the day of margin call.

IV. STOCK BROKER OBLIGATIONS

- I. Stock broker shall agree with the client the terms and condition before extending Margin Trading Facility to such client. However, for clients who already have existing trading relationship and want to avail of Margin Trading Facility, stock broker may take consent in writing in his own hand or in any irrefutable electronic method after stock broker has communicated the terms and conditions of Margin Trading Facility to such existing clients.
- II. The terms and conditions of Margin Trading Facility shall be identified separately, in a distinct section if given as a part of account opening agreement.

- III. The mode of communication of order confirmation, margin calls or liquidation of position/security shall be as agreed between the broker and the client and shall be in writing in his own hand or in any irrefutable electronic method. Stock broker shall prescribe and communicate its margin policies on haircuts/ VAR margins subject to minimum requirements specified by SEBI and exchanges from time to time.
- IV. The Stock Broker shall monitor and review on a continuous basis the client's positions with regard to MTF. It is desirable that appropriate alert mechanism is set up through which clients are alerted on possible breach of margin requirements.
- V. Any transaction to be considered for exposure to MTF shall be determined as per the policy of the broker provided that such determination shall happen not later than T + 1 day.
- VI. If the transaction is entered under margin trading account, there will not be any further confirmation that it is margin trading transaction other than contract note.
- VII. In case the determination happens after the issuance of contract, the broker shall issue appropriate records to communicate to Client the change in status of transaction from Normal to Margin trading and should include information like the original contract number and the margin statement and the changed data.
- VIII. The Stock Broker shall make a 'margin call' requiring the client to place such margin; any such call shall clearly indicate the additional/deficient margin to be made good.
- IX. Time period for liquidation of position/security shall be in accordance declared policy of the broker as applicable to all MTF clients consistently. However, the same should not be later than 5 working (trading) days from the day of 'margin call'. If securities are liquidated, the contract note issued for such margin call related transactions shall carry an asterisk or identifier that the transaction has arisen out of margin call.
- X. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.
- XI. Margin Trading Accounts where there was no transactions for 90 days shall be settled immediately.
- XII. The stocks deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading

facility (Funded stocks) shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount;

- XIII. Stock Broker shall close/terminate the account of the client forthwith upon receipt of such request from the client subject to the condition that the client has paid dues under Margin Trading Facility.

V. **TERMINATION OF RELATIONSHIP**

- I. The margin trading arrangement between the stock broker and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading facility provided to the Stock Broker or the Stock Broker surrenders the facility or the Stock Broker ceases to be a member of the stock exchange.
- II. The MTF facility may be withdrawn by the broker, in the event of client committing any breach of any terms or conditions therein or at any time after due intimation to client allowing such time to liquidate the MTF position as per the agreed liquidation terms without assigning any reason. Similarly, client may opt to terminate the margin trading facility in the event of broker committing any breach of any terms or conditions therein or for any other reason.
- III. In the event of termination of this arrangement, the client shall forthwith settle the dues of the Stock Broker. The Stock Broker shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the Stock Broker to make such adjustment.
- IV. After such adjustment, if any further amount is due from the client to the Stock Broker, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to the Stock Broker, the Stock Broker shall release the balance amount to the client.
- V. If the client opts to terminate the margin trading facility, broker shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.

C. **Other Terms & Conditions**

The above referred MTF is offered by Axis Securities Limited (ASL) under the product name of E-margin.

I. Under E-margin, about 25% - 50% margin in the form of limits (both cash & non cash) is blocked in the customers' limits before the order is released to the Exchange. The client can carry forward his open buy position till T+90 days.

II. Features:

1. The customer can only take buy positions in approved stock (s) with the intention of squaring off the position on or before 2.45 pm on T+90th day. This T+90 day cut off can be extended by ASL on case to case basis or can be reduced in case of corporate actions concerning the stock in which there is open E-margin position.

2. Margin amount to be paid by the client is minimum of VaR+3 times ELM in case of F&O stocks and minimum of VaR+5 times ELM in case of other eligible stocks. ASL shall have the right to collect from client additional margin over and above the stated rates. Also margin rates could be increased or decreased by Exchange/ASL from time to time as a risk containment measure.

3. Margins can be collected by ASL in the form cash, cash equivalent and eligible stocks as collateral.

4. Mark to Market (MTM) losses on open positions to be paid by the client by the next working day 2.45 pm.

5. MTM profit of E-Margin positions squared off on T, T+1, T+2 ...days shall be credited in client's Bank account on T+2, T+3 and T+4 days ... respectively.

6. Interest will be charged at the rate of 18% per annum by ASL on ledger debits including on the funded portion of the E-Margin client trades.

7. Decision of ASL will be final with respect to

- Eligibility criteria of clients for availing funding under E-margin,
- Eligible scrips for funding under E-margin,
- Eligible scrips for collateral,
- Applicable margin rates (over and above stated Exchange margin %),
- Applicable haircut% on Collateral stocks (over and above stated Exchange haircut %),
- Maximum funding for a client under E-margin,
- Maximum funding for a scrip under E-margin,
- Maximum collateral value/quantity for a scrip,
- Inclusion or exclusion of a scrip under E-margin,
- Inclusion or exclusion of a scrip for collateral,
- MTM value calculations,
- Square off time of open position, Maximum days allowed for continuing the E-margin position(s),
- Rate of interest, also referred to as delayed payment charge, charged for funding client's position,

- Adjusting credit arising from one product to the other with ASL,
- Other operational matters.

III. Situations/ conditions in which the securities may be liquidated:

0. Adequate client Margin is not available with ASL for the open E-Margin positions. The net available client margin after deducting/reducing MTM losses is less than 50% of the required margin for taking positions in E-margin in the scrip.

1. The scrip price is continuously hitting lower circuit.

2. Client has not transferred required funds and/or approved collateral to meet the MTM loss/margin shortages.

3. Value of collateral has fallen either due to fall in prices or removal of the stock from the approved collateral list by Exchange/ASL including due to corporate actions.

4. The margin% on E-margin stock has been increased by Exchange/Clearing house/ASL and hence there is shortage of margin on client's open positions

5. The haircut % on Collateral stock has been increased by Exchange/Clearing house/ASL and hence there is shortage of margin on client's open positions

6. The client's ledger is in debit over and above the margin debit.

7. In case the scrip ceases to be allowed for E-Margin due to corporate action – In such cases, E-Margin open position will be liquidated / squared off at or any time after 02:45 PM. one day prior to its Ex-date. If the scrip ceases to be eligible for E-Margin for reasons like reduction in daily price band to less than 20%, shifting of group by Exchange(s) etc., the E-Margin open position will be squared off / liquidated after giving client a margin call.

IV. ASL may sell off the collateral fully or partly to recover debits arising out of E-margin.

V. The client shall not take position in a company scrip in E-Margin through ASL, if the client is a promoter of that company. If a client being promoter of the company scrip inadvertently takes position in E-Margin through ASL in that scrip then he/she shall immediately inform ASL of the same (before 6.00 pm of the trade date) by sending an email to compliance.officer@axisdirect.in so that appropriate reporting could be made by ASL to Stock Exchanges.

VI. Collateral and Funded stocks shall be marked to market on daily basis.

VII. Time period for liquidation of position/security shall be after 12 working hours from the notice of liquidation/margin call. However, if mark to market loss of the client's E-Margin open position exceeds 70% of the margin provided by the client, E-Margin open position will be squared off / liquidated immediately, after attempting to obtain further

margins in the form of funds, shares as collaterals and after giving/attempt to give the client a margin call. Clients are therefore required to monitor their mark to market losses vis-à-vis margin availability on a real time basis.

- VIII. Haircut shall be applied on stocks acceptable as collaterals at a percentage higher than Var+ELM. Such haircut % can be increased to 100% in case of corporate action in the securities provided as collaterals. In such cases, the client is required to immediately provide further margins in the form of funds, shares as collaterals to avoid liquidation / square off of E-Margin open position.
- IX. Client shall lodge protest or disagreement with any transaction done under the margin trading facility within 3 working days.
- X. ASL shall not be liable for any losses either actual or opportunity losses arising from or in connection with E-Margin transactions due to:
 - 0. Arising out of technical / system issues.
 - 1. Disallowance of any scrip to be allowed for further E-Margin positions.
 - 2. Increase in applicable margin, especially when margin is increased to 100% in case of Corporate action or where the scrip does not remain eligible for E-Margin.
 - 3. Increase in Collateral haircut %, especially when haircut is increased to 100% in case of Corporate action or withdrawal of scrip from acceptance as collaterals due to reduction in price band of less than 20%, shifting of groups by exchange(s) etc.
 - 4. Liquidation of E-Margin open positions due to increased mark to market losses and/or margin shortfall.
- XI. In case of bank holidays in between, then the E-margin square off date (T+n) may get further delayed by that number of bank holidays from the trade initiation date.
- XII. We request you to refer the detailed FAQ's on AxisDirect.in website for any further details.

I/We hereby agree to avail of Margin Trading Facility from ASL, in accordance with the above terms and conditions of Margin Trading Facility offered by ASL, and I/We hereby consent to electronic mode as the method of communication for confirmation of orders/trades, margin calls and calls for liquidation of collateral/security/position.