

APPLICATION CUM UNDERTAKING FOR MARGIN TRADE FUNDING (MTF) FACILITY

To,
Khandwala Securities Limited.
G-II, Ground Floor, Dalamal House,
Nariman Point, Mumbai 400021

Date: / /

Dear Sir,

Sub: Request for availing Margin Trading Funding facility (MTF FACILITY) offered by SEBI recognized Stock Exchanges from time to time (hereinafter jointly referred to "MTF FACILITY")

I/We am/are registered as your client and have executed Know Your Client form and certain other documents for the purpose of trading in securities market on the recognized Stock Exchange (herein after referred as "Exchange").

I/We am/are interested in availing the Margin Trading Funding facility (MTF FACILITY) of the Exchanges for the purpose of Margin Trading Funding Scheme permitted to be dealt with on the SEBI recognized Stock Exchanges. For the purpose of availing MTF FACILITY,

I/We state that Know Your Client details as submitted by me/us for the trading account, may be considered for the purpose of MTF FACILITY and I/We further confirm that the details contained in the same remain unchanged as on date.

I/We have read and understood the contents of the Information Document of the Trading Member and Rights & Obligations of Exchanges and have received said copy of the same from the Trading Member. The standard set of Rights & Obligations of Exchanges has been displayed on the Web-Site of the Trading Member.

I/We agree to abide by the terms and conditions, rules and regulations of the MTF FACILITY, and further agree to abide by any terms and conditions as may be specified by Khandwala Securities Limited, the Exchanges or SEBI from time to time in this regard. I further agree that the POA submitted for the movement of shares by me for my normal trading will also be applicable for your demat account number pertaining to MTF account.

I/We am/are aware that I / WE can avail this facility from any one broker and undertake that I /We have not availed MTF FACILITY with any other broker. I hereby indemnify Khandwala Securities Limited, for any breach or any loss arising from this declaration.

I/We therefore request you to register me/us as your client for participating in MTF FACILITY.

Clients Signature : X_____

Client's Name : _____

Client Code : _____

RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS FOR MARGIN TRADING FACILITY (MTF)

PART A - as prescribed by NSE:

Client Rights:

1. 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.
2. 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.
3. 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.
4. Client may close / terminate the Margin Trading Account at any time after paying the dues.

Client Obligations:

1. 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.
2. 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.
3. Client has to intimate the nature before deposit / purchase of any securities belonging to the promoter / Group of Promoters for availing MTF facility failing which the same will be treated as non-promoter holding.
4. Client shall place the margin amounts as the Stock Broker may specify to the client from time to time.
5. 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.
6. 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.
7. 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.
8. Any dispute in respect of MTF Facility arising between the Client and KSL shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the relevant stock exchanges.
9. Margin Requirement: In order to avail margin trading facility, initial margin required shall be as under;

Category of Stock	Applicable margin
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*

ELM *: Extreme Loss Margin

Stock Broker Rights:

1. Stock Broker and client may agree between themselves the terms and condition including commercial terms if any before commencement of MTF.
2. 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.
3. 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.
4. 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.
5. If any order is passed by any regulatory authority, courts, etc. requiring KSL to liquidate the security / collateral and/or close out the position of the Client or if the Client is convicted under any law in force.
6. Client is aware that all traded securities are not eligible under MTF and as per internal policy, KSL can select number of stocks under MTF and it can be lesser than number of stocks allowed by exchanges.
7. The maximum exposure to a client may be varied as per market conditions which will be at the sole discretion of KSL. It will also be governed by the exchange rules which currently is 10% of the broker's maximum allowable exposure and not exceed the borrowed funds or 50% of his "net worth."

Stock Broker Obligations:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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, **will also send the Daily margin statement to clients along with margin/collateral for MTF Facility separately.**

7. 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.

8. 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.

9. 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.

10. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.

11. Margin Trading Accounts where there were no transactions for 90 days shall be settled immediately.

12. 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;

13. 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.

Termination of relationship:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS FOR MARGIN TRADING FACILITY (MTF)
PART B - as prescribed by BSE:

1. Stock Broker/ Trading Member is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time.
2. 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.
3. 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.
4. 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.
5. 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.
6. Stock Broker/ Trading Member shall provide MTF only in respect of such shares, as may be permitted by Stock Exchange/ SEBI.
7. 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):
8. 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.
9. 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
10. 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.
The rights and obligations prescribed hereinabove shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/ MIRSD/ 16/ 2011 dated August 22, 2011.

TERMS AND CONDITIONS PRESCRIBED BY KHANDWALA SECURITIES LIMITED. (KSL) FOR MARGIN TRADING FACILITY-PART C.

DEFINITIONS & INTERPRETATIONS:

1. "Initial margin" means the minimum amount, calculated as a percentage of the transaction value, to be placed by the client, with the broker, before the actual purchase. The broker will advance the balance amount to meet full settlement obligations.
2. "Maintenance margin" means the minimum amount, calculated as a percentage of the Market value of the securities, calculated with respect to the last trading day's closing price, to be maintained by the client with the broker.
3. "Margin Trading Funding Facility" or MTF facility means and refers to the facility pursuant to which part of the transaction value due to the Stock Exchange, at the time of purchase of Shares, shall be paid by KSL on behalf of the Client on Client's request, on such terms and conditions as contained in this Facility.
4. "Mark to Market Loss" or "MTM Loss" means the difference between the purchase value of the shares and the marked to market value of these shares.
5. "Mark to Market Value of shares" or "MTM Value of Shares" means the value of shares calculated with reference to the previous day's closing price on the Stock Exchange.
6. "Share/s" means and refers to the shares / stock / securities eligible for margin trading facility, as specified by the SEBI from time to time and approved by KSL for the purpose of granting MTF.
7. "Stock Exchange" means the stock exchange on which the shares have been purchased.

CLIENT REPRESENTATION:

The Client hereby undertakes to:

1. Place the initial and maintenance margin amounts as the Broker may specify to the Client from time to time, subject to requirements specified by SEBI / Exchanges.
2. Authorize retention of the shares with the broker upon the receipt of the same in the pay out from the Stock Exchange till the amount due in respect of the said transaction including the dues to the broker is paid in full by the client.
3. To pay to the Broker - Brokerage, Commission, Fees, Transaction costs, GST, Stamp Duty and other taxes / expenses as are prevailing from time to time and as they apply to the Client's account, transactions and to the Services that the broker renders to the Client.
4. Abide by any revision in any of the terms of this facility as may be agreed between the parties.

BROKER'S REPRESENTATION:

The KSL represents that:

1. On entering into this facility and deposit of initial margin by the client, the KSL undertakes to settle the obligation towards the Stock Exchanges for and on behalf of the Client. The Client hereby agrees and authorizes the KSL to make such payment on his behalf.

MARGIN TRADING FACILITY:

1. The margin facility shall carry interest at 21 % per annum payable monthly.
2. The client shall be free to take the delivery of the Shares at any time by repaying the amounts that was paid by KSL to the Stock Exchanges towards Shares, and further paying all such sums of money as may be due towards brokerage, transaction costs and other charges, taxes and other costs towards his transactions.
3. Provided however that, the Client may at his risk as to cost and consequences, choose to sell the Shares against his Purchase, and in such situation, the Client shall be fully responsible to bear the losses/Costs arising due to auctions/closeout by the Stock Exchange, in the event the delivery against purchase fails to materialize.
4. Where the Shares are sold as provided above, KSL will affect the pay-in of Shares to the Stock Exchange in accordance with the Stock Exchanges requirements. Upon receipt of sale proceeds from the Stock Exchanges towards the sale of Shares, KSL shall, after deducting there from brokerage, fees, charges, levies, taxes, duties and other costs, charges and expenses, and further deducting amounts due to it from the Client on account of monies paid by KSL on his behalf to the Stock Exchange at the time of purchase of Shares, effect the net payment to the Client.
5. KSL may, at its sole and absolute discretion, revise the limit of initial and/or maintenance margin amount from time to time. The Client agrees and undertakes to 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 KSL may permit, failing which the Client shall be deemed to be in breach of this Facility.
6. The MTF shall be provided only in respect of such Shares as may be decided by KSL from time to time.
7. The Client may furnish further Margin Amount from time to time for availing higher MTF limit.
8. The initial margin payable by the client to KSL shall be in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut as specified in SEBI Master circular no. **SEBI/HO/MRD/DP/CIR/P/2016/135** dated December 16, 2016. Such margin can be changed from time to time as may be decided by the Management of KSL. Such Margin prescribed by KSL may be higher than the quantum prescribed by regulatory provisions. The client shall pay applicable initial margins or such other margins as are considered necessary by the stock broker or as may be directed by SEBI / Exchange(s) from time to time as applicable to Margin Trading segment in which the client trades.
9. Eligible scrip's under facility: The Margin Trading facility is applicable to Group I scrip's or as specified by SEBI / Stock Exchange(s) from time to time. KSL shall have its own discretion to permit margin trading facility for any of the particular scrip so specified.

MONITORING CLIENT'S POSITIONS:

1. KSL shall monitor and review on a continuous basis the client's positions with regard to the margin trading facility.
2. KSL shall make a "margin call" requiring the client to place such Margin Amount as may be specified by KSL with a view to make up for the MTM Loss, if any, in accordance with SEBI requirements.
3. On receipt of "margin call" intimation from KSL, the Client shall make good such deficiency by placing the further Margin Amount, within such time as is specified by SEBI, failing which the Client shall be deemed to be in breach of this Facility.
4. Notwithstanding what is stated above, KSL may immediately sell the Shares, in the circumstances specified by SEBI / Stock Exchanges and for this purpose, the Client does hereby expressly authorize such sale, and thereafter, the sale proceeds shall be treated in the manner specified. KSL may, in its sole discretion, determine which Shares is/are to be sold, and / or which contract(s) is/are to be closed.
5. The Client agrees and understands that KSL shall have full freedom and authority to vary, modify, revise the initial and maintenance margin amount, minimum transaction amount from time to time, subject to the SEBI requirements in this respect, and Client agrees to abide by such variation, modification or revision.

PLEDGE OF SECURITIES:

1. Notwithstanding anything contained in this Facility, the Client hereby pledges and shall have deemed to have pledged forthwith the Shares, at the time when received by KSL as security for repayment and settlement of amounts due to KSL from the Client under Margin Trading Facility along with interest and other amounts payable there under. The Client hereby records that the share certificates account statements or any other documents evidencing the right, title and interest of the Client as the holder of the Securities shall remain deposited and shall be deemed to have been deposited by the Client as having been deposited being marketable securities, for repayment of the amounts due under the Margin Trading Facility and this instrument accordingly shall be deemed to be connected with the mortgage of the marketable securities.

CLIENT CONFIDENTIALITY:

1. The member hereby undertakes to maintain, the details of the client as mentioned in the client registration form or any other information pertaining to the client, in confidence and that member shall not disclose the same to any person / entity except as required under the law. Provided however, that the member may share the details of the client as mentioned in the client registration form or any other information pertaining to the client with parties/entities other than required under law with the express permission of the client.

NOTICES & COMMUNICATIONS:

1. Any notice or other communication to be given by the client to KSL in connection with the Term & Conditions under the facility of availing Margin Trading shall be in writing and duly served if delivered personally or sent by confirmed facsimile transmission or by registered post or email to the details mentioned here under:

Address:

M/s. Khandwala Securities Limited.

G-II, Ground Floor, Dalamal House, Nariman

Point, Mumbai 400021

Tel: - 91-22-40767373