

MODEL MARGIN TRADING AGREEMENT

This Agreement (hereinafter referred to as “**Agreement**”) is entered into on this _____ day of _____ 20____, by and between _____ (broker name) _____, a Company incorporated under the Companies Act, 1956, having its registered office at _____ (Head office) and having one of its Branch _____ Office _____ at _____

_____ (Branch office address) (hereinafter referred to as “**the broker**”, which expression shall, unless repugnant to the meaning or context thereof, be deemed to mean and include its successors and assigns) of the One Part;

And

M/s/Mr/Mrs/Ms _____, unique client code being _____, whose details are as below

(hereinafter referred to as the “**Client**” which expression shall, unless repugnant to the context or meaning thereof be deemed to include his/her/its heirs and/or legal representatives and/or successors and/or executors and/or permitted assignees and/or administrators and/or successors in business) of the Other Part

WHEREAS:

(a) _____ (BROKER) _____ is engaged, inter alia, in the business of stock broking and is a Trading Member of _____ (Names of stock exchange(s)), with SEBI registration Number (s) _____.

(b) _____ (BROKER) _____ is engaged in providing margin Trading Facility (hereinafter referred to as MTF), as described hereinafter, to those clients who are registered with it as client for availing Stock Broking Services and have also entered into an agreement for availing of the Margin Trading Facility.

(c) The Client is registered with _____ (BROKER) _____ as a client for stock broking services and is desirous of availing Margin Trading Facility, and has approached _____ (BROKER) _____ with that request

(d) Upon the request of the Client, _____(BROKER)_____ has agreed to provide the said facility to the client subject to the terms and conditions contained in this Agreement

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN _____(BROKER)_____ AND CLIENT AS UNDER:

I. 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 Facility” or MTF** 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 _____(BROKER) on behalf of the Client on Client’s request, on such terms and conditions as contained in this Agreement.
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 refer to the shares / stock / securities eligible for margin trading facility, as specified by the SEBI from time to time and approved by _____(BROKER) for the purpose of granting MTF.
7. **“Stock Exchange”** means the stock exchange on which the shares has been purchased

Unless the Context otherwise requires:

1. The expression month and year shall be to the calendar month or calendar year
2. Reference to date or dates which do not fall on a working day, shall be construed as reference to the day or date falling on the immediately subsequent Working day

II. 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.
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, service tax, 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 agreement as may be agreed between the parties

III. CLIENT'S WARRANTIES

The Client warrants, represents and assures _____(BROKER) that:

1. He has the necessary authority to enter into this Agreement and observe and perform the obligations herein contained.
2. He shall duly observe and perform the conditions and obligations stated herein.

IV. BROKER'S REPRESENTATION

The _____(Broker) represents that:

1. On entering into this agreement and deposit of initial margin by the client, the _____(Broker) undertakes to settle the obligation towards the

Stock Exchange for and on behalf of the Client . The Client hereby agrees and authorizes the _____(Broker) to make such payment on his behalf.

V. MARGIN TRADING FACILITY

1. The margin facility shall carry interest at _% per annum payable _____.
2. The Client shall be free to take the delivery of the Share at any time by repaying the amounts that was paid by _____(BROKER) to the Stock Exchange towards Shares, and further paying all such sums of money as may be due towards brokerage, transaction costs and charges, service tax and other costs towards his transactions. Alternatively, Client may at any time, but not before the delivery of the Shares has been actually received by _____(BROKER), choose to sell the Shares on the Stock Exchange by issuing appropriate instructions to _____(Broker)
3. Provided however that, the Client may at his risk as to cost and consequences, choose to sell the Shares prior to receipt of confirmation from the Stock Exchange of delivery of Securities 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 materialise
4. Where the Shares are sold as provided in sub-clause 2/3 above, _____(BROKER) will effect the pay-in of Shares to the Stock Exchange in accordance with the Stock Exchange requirements. Upon receipt of sale proceeds from the Stock Exchange towards the sale of Shares, _____(BROKER) shall, after deducting therefrom 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 moneys paid by _____(BROKER) on his behalf to the Stock Exchange at the time of purchase of Shares, effect the net payment to the Client
5. _____(BROKER) 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 as _____(BROKER) may permit, failing which the Client shall be deemed to be in breach of this Agreement.
6. The MTF shall be provided only in respect of such Shares as may be decided by _____(BROKER) from time to time.

7. The Client may furnish further Margin Amount from time to time for availing higher MTF Limit.

VI. MONITORING CLIENT'S POSITIONS

1. _____(BROKER) shall monitor and review on a continuous basis the client's positions with regard to the margin trading facility.
2. The (BROKER) shall make a 'margin call' requiring the client to place such Margin Amount as may be specified by _____(BROKER) 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 _____(BROKER), 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 Agreement
4. Notwithstanding what is stated above, _____(BROKER) may immediately sell the Shares, in the circumstances specified by SEBI and for this purpose, the Client do hereby expressly authorize such sale, and thereafter, the sale proceeds shall be treated in the manner specified in Clause V.4 above. The _____(BROKER) 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 _____(BROKER) 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

VII. PLEDGE OF SECURITIES

Notwithstanding anything contained in this Agreement, the Client hereby pledges and shall have deemed to have pledged forthwith the Shares, at the time when received by _____(BROKER), as security for repayment and settlement of amounts due to _____(BROKER) from the Client under Margin Trading Facility along with interest and other amounts payable thereunder. 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 / Shares as contemplated by Section 24 of the Bombay Stamp Act, 1958/Section 23A of the Indian Stamp Act, 1899 or the corresponding/relevant provisions of the Stamp Act as in force in the relevant state.

VIII. BREACH OF THIS AGREEMENT

In the event of Client committing any breach of any terms or condition of this Agreement, _____(BROKER) shall be entitled to terminate this Agreement forthwith. However, _____(BROKER) at its option may elect to give notice to the Client of such duration, and extended from time to time, if so decided by _____(BROKER), requiring the Client to cure the breach.

IX. TERMINATION & EXPIRY

1. This Agreement shall stand terminated forthwith, as provided in Clause VIII above, or on the Client failing to cure the breach within the time period as provided in the Notice given thereunder.
2. This Agreement shall automatically stand terminated, without any further act on the part of any party hereto, on and from the date of termination/determination of the Client Member Agreement executed between the parties hereto in respect of stock broking services provided / being provided by _____(BROKER) to the Client.
3. In the event of termination / determination of this Agreement, the Client shall forthwith settle the dues of _____(BROKER). _____(BROKER) shall be entitled to immediately adjust the Margin Amount against the dues of the Client, and the Client hereby authorizes _____(BROKER) to make such adjustment.
4. After such adjustment, if any further amount is due from the Client to _____(BROKER), the Client shall settle the same forthwith. Upon full settlement of all the dues of the Client to _____(BROKER), _____(BROKER) shall release the balance amount to the Client.
5. In the event of failure of the Client to settle the dues of _____(BROKER) within ____ days, _____(BROKER)

shall be entitled to enforce its rights and shall be entitled to sell off Shares, and adjust/apply the net sale proceeds thereof in recovery of its dues.

X. NOTICES & COMMUNICATIONS

1. Any notice or other communication to be given by one party to the other under or in connection with this Agreement shall be in writing and shall be deemed duly served if delivered personally or sent by confirmed facsimile transmission or by prepaid registered post or email to the addressee at the address / number (if any), of that party set opposite its name below:

(a) **Notices / Communications to be sent to**
_____ **(BROKER):**
Address _____ :

Fax : _____
E-mail: _____

- (b) **Notices / Communications to be sent to the Client:**

Address: _____

Fax: _____
Email: _____

XI. ARBITRATION

All disputes, differences, claims and questions whatsoever arising from this Agreement between the parties and/or their respective representatives touching these presents or any clause or thing herein contained or otherwise in any way relating to or arising from these presents shall be referred to the arbitration mechanism of the stock exchange. Such arbitration shall be conducted in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force and the stock exchange byelaws.

XII. WAIVER

Subject to SEBI requirements, any of the terms and conditions of this Agreement may be waived at any time by _____(BROKER), but no such waiver shall affect or impair the right of _____(BROKER) to require observance and performance of any other term or condition hereof and no waiver hereunder shall be considered valid unless made in writing and signed by _____(BROKER) and no such waiver, or any failure or delay on the part of _____(BROKER) to exercise any right, power or privilege hereunder shall be deemed a waiver of any subsequent breach of default nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

XIII. CLIENT CONFIDENTIALITY

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 he 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

IN WITNESS WHEREOF the parties hereto have set their respective hands on the date above-mentioned

Signed and delivered by _____)	
_____)	
for and on behalf of _____(Broker))	
in the presence of: _____)	
_____)	
Signed and delivered by the within named Client, _____))
_____)	X
in the presence of: _____)	
_____)	