

## Rights & Obligation of Stock Brokers & Clients for MARGIN TRADING FACILITY (MTF) (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 shall place the margin amounts as the Stock Broker may specify to the client from time to time.
4. 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.
5. 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.
6. 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.

## **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.

## **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.

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 was 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.
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 stockbroker 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 AND OBLIGATIONS RELATING TO MARGIN TRADING FACILITY PROVIDED BY STOCK BROKER/ TRADING MEMBER TO CLIENTS (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 any time.
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.

#### Centrum Broking Limited Terms, Conditions and Policy on Margin Trading Facility availed by clients

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 and units of Equity ETFs	VaR + 5 times of applicable ELM*

\*For aforesaid purpose the applicable VaR and ELM shall be as in the cash segment for a particular stock.

The terms and conditions framed hereunder by CBL shall be read in conjunction with the Rights and Obligations as prescribed under SEBI circular no. CIR/ MRD/ DP/ 54/ 2017 dated June 13, 2017 and CIR/MRD/DP/ 86/2017 dated August 01, 2017, the Rules, Regulations, Bye laws, Rights and Obligation, Guidelines, circulars & clarifications issued by SEBI and Stock Exchanges thereafter from time to time.

#### The Client undertakes, authorizes, confirms and agrees to/that:

1. Avail MTF in accordance with the terms and conditions of MTF offered by CBL.
2. Give consent to the Terms and Conditions herein through email/ SMS from his email id/ mobile number registered with CBL or by online mode by logging-in on the website of CBL in a secured manner or by physical mode.
3. CBL at all times shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF to be made to the Client.
4. Pay interest at the rate agreed under the voluntary terms and conditions at the time of opening the client's account and/or modified and communicated from time to time by CBL.
5. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay- in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, CBL in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.

6. CBL shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of CBL) and CBL shall not be required to provide any reasons thereof nor shall CBL be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of CBL refusal to grant MTF to the Client.
7. Client includes Individual, Company, and Partnership firm, Trust, Hindu Undivided Family, Association of Person and Body of Individuals etc.
8. The dues, wherever mentioned herein, includes but not limited to outstanding balances, interest, statutory taxes, duties, charges, penalties etc. in respect of MTF availed by the Client.
9. The terms/ conditions /Obligations of the Client as amended from time to time shall be irrevocable and shall not be revoked by the death/dissolution/winding up of the Client
10. Accept all types of communications including order / trade confirmation, revision in margin, margin calls / decision to liquidate the position / security / collateral, Margin statements, margin policies on haircuts / VAR margin, Risk management policies, Rights & Obligations, allowable exposure, specific stock exposure etc. through the Client's E-mail/ SMS at the email id./ mobile number of the Client registered with CBL or by way of logging-in on website of CBL in a secured manner or physical mode, based on client's preference.
11. The MTF shall be provided only in respect of Shares permitted by the SEBI/ Stock Exchanges/ CBL from time to time.
12. CBL to retain the securities and its corporate benefits, if any, with CBL utilized for availing MTF till the amount due in respect of the said transaction including the dues to CBL is paid in full by the Client.
13. CBL to hold and / or to appropriate the credit lying in the Client Margin Trading Securities Account and/or any unutilized/ securities lying in Client Collateral Account along with all other Demat accounts / Mutual Funds / IPO Account of the Client towards the repayment of the outstanding dues thereof under MTF.
14. Treat the securities available in Demat account/s linked to the trading account of the Client as margin towards the MTF availed.
15. Ensure required margin is maintained for MTF at all point of time as specified by SEBI/ Stock Exchanges/ CBL from time to time.
16. CBL at its sole and absolute discretion may increase / revise the limit of initial margin and maintenance margin, minimum transaction amount from time to time, subject to SEBI/ Stock Exchange /CBL requirements in this respect. The Client shall abide by such revision, and where there is an upward revision of such margin amount, the client agrees to make up the revised margin immediately, within 5 working days from the day of margin call, failing which CBL may exercise its discretion/ right to liquidate the security /collateral and/or close out the position immediately.
17. Make good deficient margin/ margin call by placing the further margin immediately, failing which CBL may exercise its discretion / right to liquidate the security / collateral and / or close out the position immediately depending upon

the market conditions and / or the volatility.

18. Notwithstanding anything contained in clauses 17 and 18 above, CBL may, in its sole discretion, determine the time of sell/ securities to be liquidated, and/or which contract(s) is/ are to be closed.
19. All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.
20. CBL may immediately without any notice liquidate the security/ collateral and or close out the position in the happening of the following events:
  - a) if any instrument for payment of Margin Money/ Monies is/are dishonored;
  - b) if the Client violates/ breach any provision of this Arrangement or provides any incorrect or misleading information;
  - c) if the Client has voluntarily or compulsorily become the subject of any proceedings under any bankruptcy or insolvency law or winding up or liquidation proceedings or has a receiver or liquidator appointed in respect of itself or its assets or makes an application or refers itself to any authority for being declared as a "sick company", relief undertaking, bankrupt or insolvent or seeking financial reconstruction or any other like scheme (by whatever name called) or is dissolved or there is a change in the constitution whether on account of the admission of a new partner or the retirement, death or insolvency of any partner or otherwise;
  - d) the death, lunacy or other disability of the Client;
  - e) if there is reasonable apprehension that the Client is unable to pay its outstanding dues or has admitted its inability to pay its dues, as they become payable
  - f) if the Client is convicted under any criminal law in force;
  - g) if any Asset or any Security is seized or made subject to any distress, execution, attachment, injunction, or other process order or proceeding or is detained or taken into custody for any reason;
  - h) Default under any other arrangement or facility with any Stock Broker is made by the Client.
  - i) there exists any other circumstance, which in the sole opinion of CBL, is prejudicial to the interests of CBL;
  - j) Order passed by any regulatory, courts, statutory bodies etc.
21. The MTF facility may be withdrawn by CBL, in the event of client committing any breach of any terms or conditions herein or at any time after due intimation to the client allowing such time to liquidate the MTF position as agreed herein, without assigning any reason. Similarly, the Client may Close/ Terminate the MTF at any time after clearing the dues of CBL.
22. In the event of termination of this arrangement, the client shall forthwith settle the dues of CBL. CBL shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes CBL to make such adjustment. After such adjustment, if any further amount is due from the client to CBL, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to CBL, CBL shall release the balance amount to the client.
23. CBL may release/ transfer the securities utilized for MTF within 5 working days

from the date of clearing the dues to CBL.

24. Lodge protest or disagreement with any transaction done under MTF within 24 hours from the date of receipt of such document / statements / contract notes/ any other communications.
25. Any dispute arising between the client and CBL in connection with the MTF, shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the respective Stock Exchange"
26. In case the securities to be deposited and / or purchased for availing MTF belong to the promoter / promoter group, the client shall intimate CBL before such deposit and or purchase, else the same shall be treated as non-promoter holding."
27. The terms and conditions and amendments made by CBL from time to time is available on company's website [www.centrumbroking.com](http://www.centrumbroking.com)

### **CBL undertakes, authorizes, confirms and agrees to/that:**

1. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by CBL to the Stock Exchange towards securities after paying all dues.
2. Client has a right to change the securities collateral offered for MTF at any time so long as the securities so offered are approved for Margin Trading Facility.
3. CBL shall monitor and review on a continuous basis the client's positions with regard to MTF.
4. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay-in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, CBL in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.
5. CBL when makes a 'margin call' to the client, shall clearly indicate the additional / deficient margin to be made good.
6. Whenever securities are liquidated by CBL, 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.
7. The daily margin statements sent by CBL to the client shall identify the margin/collateral for Margin Trading separately.
8. Margin Trading Account where there is no transaction for 90 days and no dues outstanding from the client shall be settled immediately.
9. The stocks deposited as collateral with CBL for availing MTF (Collaterals) and the stocks purchased under the MTF (Funded stocks) shall be identifiable separately and there shall not be any commingling for the purpose of computing funding amount.
10. CBL shall close/terminate the account of the client forthwith upon receipt of



request from the client subject to the condition that the client has paid the dues under MTF.

11. The margin trading arrangement between CBL and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the MTF provided to CBL and/or CBL surrenders the facility and/or CBL ceases to be a Trading Member of the Stock Exchange.
12. The Client may opt to terminate the MTF in the event of CBL committing any breach of any terms or conditions herein or for any other reason.
13. If the client opts to terminate the MTF, CBL shall return to the client all the collaterals provided and funded securities retained forthwith, but not later than 5 working days from the date of termination, on payment of all the dues by the client.
14. CBL shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
15. Investor Protection Fund (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.