

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

Part A. Rights and Obligations - Mandatory Clauses of 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 Funding at any time so long as the securities so offered are approved for margin trading Funding.
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 Funding in accordance with the terms and conditions of Margin Trading Funding 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 Funding within the time lines specified by the broker failing which the transaction will be treated under the normal trading Funding
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 Funding 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 Funding 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 Funding 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 Funding. 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 Funding.
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 Funding.
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 Funding to such client. However, for clients who already have existing trading relationship and want to avail of Margin Trading Funding, 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 Funding to such existing clients.
2. The terms and conditions of Margin Trading Funding 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.
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 were no transactions for 180 days shall be settled immediately.
12. The stocks deposited as collateral with the stock broker for availing margin trading Funding (Collaterals) and the stocks purchased under the margin trading Funding (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 Funding.

PART B: Terms and Conditions of JKBFSL for trading in Margin Trading Funding

DEFINITIONS:

The terms and conditions prescribed hereunder form part of account opening form, shall be read in conjunction with the rights and obligation as prescribed under SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011 and the Rules, Regulations, Bye Laws, Rights and Obligation, Guidelines, Circulars issued by SEBI and Exchanges from time to time.

In these terms and conditions, unless indicated otherwise, specific words and phrases have the meaning as stated hereunder (arranged alphabetically for ease of reading) and the client confirms having read and understood these words and phrases:

- “Alerts” means a customized SMS or Email Communication sent to clients on their registered E-mail Address or Mobile Number.
- “Additional Margin” shall mean the incremental margin required to safeguard Margin Trading positions from being squared off.
- “Client” means a constituent of JKBFSL who have in his own hand or in any irrefutably electronic mode, agreed to have availed the Funding of Margin Trading and executed Power of Attorney in favour of JKBFSL and has an existing and valid Account with JKBFSL. Client shall include Individual, Company, Partnership firm, Trust, Hindu Undivided Family, Association of Person and Body of Individuals etc.
- “Communication in electronic mode” means alerts send to clients registered E-mail Address or Mobile Number.

- “JKB Financial Services Ltd. (JKBFSL)” means Stock Broker of National Stock Exchange of India Limited (TM Code: 14411) and BSE Limited (Clg No: 6460) having obtained prior permission from respective exchange to provide Margin Trading Funding to its clients.

- “Margin Trading Funding” is the product being offered by JKBFSL to Clients under the framework of rules, regulations issued by Exchanges/ SEBI from time to time.

- “SMS” means “Short Messaging Service”

- “Securities” means all funded and collateral stocks that are permissible set of securities as provided by NSE and BSE from time to time under the margin trading Funding.

SECURITIES ELIGIBLE FOR MARGIN TRADING:

- Equity Shares that are classified as 'Group I security' as per SEBI Master circular No. SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, shall be eligible for margin trading Funding and as amended from time and time .JKBFSL reserves the right to offer or not offer MTF on such list of securities as specified from time to time.

MARGIN TRADING FUNDING:

- JKBFSL at all times shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF be made available to the Client.
- JKBFSL shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of JKBFSL) and JKBFSL shall not be required to provide any reasons thereof nor shall JKBFSL be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of JKBFSL refusal to grant MTF to the Client.
- JKBFSL will extend margin trading Funding on eligible list of securities to client for T+180 days or for further period on fulfillment of conditions specified by JKBFSL as per its risk management policy.

MARGIN REQUIREMENT:

In order to avail margin trading Funding, initial margin required shall be as under;

Category of Stock	Applicable Margin
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Group I stocks available for trading in the F & O Segment	Maximum of (VaR + 3 times of applicable ELM*,JKBFSL approved haircut)
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Group I stocks other than F&O stocks	Maximum of (VaR + 5 times of applicable ELM*,JKBFSL approved haircut)
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**The applicable VaR and ELM shall be as in the cash segment for a particular stock.*

- The client shall ensure maintenance of the aforesaid margin at all times during the period that the margin trading Funding is being availed by the client. The client shall ensure to place the aforesaid margin in the form and manner as may be specified by JKBFSL from time to time.
- JKBFSL 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, agree to make up the revised margin immediately, not later than 5 working days from the day of margin call, failing which JKBFSL may exercise its discretion / right to liquidate the security/ collateral and/or close out the position immediately. It may however, be noted that the initial/ maintenance margins will/shall never be lower than that prescribed by Stock Exchange/ SEBI.
- In case of short fall in margins, JKBFSL will make necessary margin calls. On receipt of 'margin call', the client shall make good such deficient margin / margin call by placing the further margin immediately, failing which JKBFSL 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.
- The Client agrees that the Mark to Market (MTM) process run by JKBFSL to call for additional margin on Client positions shall be considered as online margin call given to the client. Further, the client has been provided with reports on the trader terminal (TT) itself where he can ascertain details of his existing margin blocked, margins required, MTM loss adjustment, margin shortfall, margin percentage etc. The margin requirement derived by use of these reports and the MTM process run by JKBFSL to call for additional margin on open positions will be construed as margin call/ demand for the additional margin required by JKBFSL. Clients are bound to monitor and review their open positions and margin requirements all the times and furnish the additional margin to the Company. JKBFSL reserves the right to close out the open position at any time in case the Client does not satisfy the additional Margin requirements. The Client shall maintain sufficient margin at all the time to provide for limit and avoid liquidation.
- JKBFSL will set up separate risk management policy as amended from time to time, that will be applicable to the transactions done under the Margin Trading Funding.
- JKBFSL will clearly indicate on its trader terminal (TT) the additional/ deficient margin to be made good while making "margin call" to the client.

COLLATERALS:

- The initial margin payable by the client to JKBFSL 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.
- By agreeing to avail Margin Trading Funding with JKBFSL, client is deemed to have authorized JKBFSL to retain and/or pledge the securities provided as collateral or purchased under the Margin Trading Funding and any corporate benefit thereon, if any, till the amount due in respect of the said transaction including the dues to JKBFSL is paid in full by the client.

- Client have a right to change the securities collateral offered for Margin Trading Funding at any time with prior notice in writing to JKBFSL so long as the securities so offered are approved for margin trading Funding.
- The Stock deposited as collateral with JKBFSL for availing MTF (Collaterals) and the stocks purchased under the MTF (Funded Stock) shall be identifiable separately and there shall not be any commingling for the purpose of computing funding amount.
- JKBFSL will hold and / or will appropriate the credit lying in the Client account and/or any unutilized/ unpledged shares/ securities lying in demat account along with all other demat accounts / Mutual Funds / IPO account of the Client towards the repayment of the outstanding dues thereof under MTF.
- JKBFSL is at its discretion to identify the eligible/excess securities available with the client and mark such securities as collateral towards MTF.

EXPOSURE & MAXIMUM PERMISSIBLE EXPOSURE:

Client Wise:

- Exposure to any single client at any point of time will not exceed 10% of the borrowed funds by JKBFSL and 50% of JKBFSL's "net worth"

Securities Wise:

- Exposure towards stocks purchased under margin trading Funding and collateral kept in the form of securities will be as per the policy in this regard from time to time.

Exposure on the increased value of Collaterals:

- In case of increase in the value of Collaterals, JKBFSL may at its sole discretion have the option of granting further exposure to the client subject to applicable haircuts. However, no such exposure shall be permitted on the increased value of funded stocks.

MARGIN TRADING FACILITIES TRADES

- By providing the consent for availing margin trading Funding, client authorize JKBFSL Securities Ltd. to consider all his/her/its trades placed by them in group I securities to be treated as trades availed by them under the margin trading Funding and accordingly report such trades to Exchanges subject to availability of margin in form and manner as communicated by JKBFSL from time to time.
- 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.

- Client will be free to take the delivery of the securities at any time by repaying the amounts that was paid by JKBFSL to the Exchange towards the securities bought under margin trading Funding after paying all dues.
- JKBFSL shall monitor and review on a continuous basis the client's position with regards to MTF.

INTEREST CALCULATION AND REPORTING OF TRADES:

- JKBFSL Securities Ltd. would consider entire clear credit ledger balance in the clients normal ledger for adjustment against the margin trading Funding trades (Ledger) and only the net debit balance would be considered as funded amount for reporting purpose.
- JKBFSL Securities Ltd. would calculate and levy the interest on the net debit balance in the MTF Ledger.
- The interest charge would be calculated on a daily basis at the rate of 18% p.a.

MODE OF COMMUNICATION:

- JKBFSL will sent all the confirmation of orders/ trades, margin calls, decision/calls to liquidate the collateral/ positions/ security, Daily Margin Statement, Contract Notes, margin policy on haircuts/ VAR margin, Risk management policies, allowable exposure, specific stock exposure etc through electronic mode on registered email id and/or mobile number of the client updated in the JKBFSL's database by the client.

COMPLAINTS RESOLUTION:

- Client shall lodge protest or disagreement with any transaction done under the margin trading Funding within 24 hours from the date of receipt of such document/statements/contract notes/any other communications
- Any dispute arising between the client and JKBFSL in connection with the MTF shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the respective stock exchange.
- IPF (Investor Protection Fund) 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.

LIQUIDATION

- JKBFSL may immediately without any notice liquidate the security / collateral and or close out the open positions due to the following events:
 - if any instrument for payment of Margin Money / Monies is / are dishonored;

- if the Client violates/breaches any provision of this Arrangement or provides any incorrect or misleading information;
- 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;
- the death, lunacy or other disability of the Client;
- 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;
- if the Client is convicted under any criminal law in force;
- 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;
- default under any other arrangement or Funding with any Stock Broker is made by the Client.
- there exists any other circumstance, which in the sole opinion of JKBFSL, is prejudicial to the interests of JKBFSL;
- Order passed by any regulatory, courts, statutory bodies etc.
- All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.
- Whenever the securities are liquidated by JKBFSL, the contract note issued for such margin call related transaction will carry an asterisk or identifier that the transaction has arisen out of margin call.
- The client agrees that if the client is not able to maintain adequate margins or defaults in bringing adequate margin against the margin call then JKBFSL, to mitigate the risk may take necessary risk measure and liquidate the funded/ collateral securities. During such liquidation the most liquid funded / collateral securities with the highest value would be liquidated first in order to cover the risk of JKBFSL.
- In Case of de-merger, merger, amalgamation, rights issue corporate action in any eligible securities the client would be required to make payment 7 days prior to the ex-date. In case of nonpayment, JKBFSL will liquidate such positions in such securities.
- Client is required to make good the payment of positions of MTF trades which are held for more than 180 days, failing which JKBFSL will liquidate such positions

CONFIRMATION OF FUNDED STOCK FOR PLEDGE

- In case the client executes trade in MTF segment and receives shares on T+2 day, the client needs to confirm the pledge of stocks received (funded stocks) in favour of JKBFSL by confirming the same through OTP send by NSDL.
- In case the client fails to confirm the pledge of MTF funded stocks in favour of JKBFSL, the position will be squared off on T+ 3 day without any further notice.

TERMINATION OF RELATIONSHIP

- Client may close / terminate the Margin Trading Account at any time after paying the dues with prior notice in writing.
- The margin trading arrangement between JKBFSL and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the margin trading Facility provided to JKBFSL or JKBFSL surrenders the facility or the JKBFSL ceases to be a member of the stock exchange.
- The MTF may be withdrawn by JKBFSL, 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 Funding in the event of JKBFSL committing any breach of any terms or conditions therein or for any other reason.
- In the event of termination of this arrangement, the client shall forthwith settle the dues of the JKBFSL. The JKBFSL shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes the JKBFSL to make such adjustment.
- After such adjustment, if the amount is still due to JKBFSL from the client, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to JKBFSL, JKBFSL shall release the balance amount to the client.
- If the client opts to terminate the margin trading Funding, JKBFSL shall forthwith return to the client all the collaterals provided and funded securities retained within 5 working days from the date of clearing of all the dues by client.

OTHERS

- The funds of one client will not be used to provide MTF to another client, even if the same is authorized by the first client.
- The Clients Margin Trading Account with no transaction for 180 days will be settled immediately.
- The daily margin statements sent by JKBFSL to the client shall identify the margin/ collateral for Margin Trading Separately.
- The dues, wherever mentioned herein above, includes but not limited to outstanding balances, interest, statutory taxes, duties, charges, penalties etc. in respect of MTF availed by the Client
- 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.