

Terms and Conditions for Margin Trade Funding facility

Client Trading ID: _____

Date: _____

Client Name: _____

Rate of Interest (% Per Annum) _____

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

- 1) Margin Trading Facility (MTF) is a facility approved by exchanges that facilitates clients to buy stocks by paying only part of the total value. The broker funds the remaining amount and charges interest on this loan.
- 2) The Client wishes to avail MTF in accordance with the terms and conditions of MTF offered by InCred Capital Wealth Portfolio Managers Pvt. Ltd. ("InCred").
- 3) The Client gives consent to the Terms and Conditions and circulars / guidelines of the Exchange / SEBI.
- 4) InCred, at all times, shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF facility can be offered to the Client.
- 5) For availing MTF, Interest on the outstanding balance will be levied on monthly basis as agreed from time to time.
- 6) Transaction/s to be considered for exposure to MTF shall be informed to InCred in writing or in any other irrefutable mode of communication at the time of the trade, else the same shall be considered under normal trading facility. In the absence of any such express communication, the transaction shall be considered under the normal trading facility. InCred in its discretion may identify the eligible/excess securities available with the Client and mark the same as collateral towards the MTF Facility. All credit arising to the Client's account out of a sale transaction under the MTF Facility shall be first adjusted towards the debit under the MTF Facility, if any, and subject to adequate margin being maintained for the outstanding debit under the MTF Facility.
- 7) Once a transaction is entered under the MTF Facility, there will not be any further confirmation that it is a margin trading transaction other than the contract note issued on conclusion of the transaction.
- 8) InCred shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of InCred) and InCred shall not be required to provide any reasons thereof nor shall InCred be liable for any damages (whether direct or consequential) to the Client by reason of InCred's refusal to grant MTF to the Client.
- 9) The terms / conditions / Obligations of MTF as amended from time to time shall be irrevocable and shall not be revoked by the death/dissolution/ winding up of the Client.
- 10) MTF shall be provided only in respect of Shares permitted by the SEBI / Exchanges / InCred from time to time.
- 11) The dues of the Client, wherever mentioned in the T&C, include but are not limited to the outstanding balances, interest, statutory dues, taxes, duties, charges, penalties etc. in respect of the MTF Facility availed by the Client.
- 12) InCred shall retain and/or pledge the securities of the Client, which are utilised for availing the MTF Facility, and /or retain its corporate benefits, if any, till the amounts due in respect of the transactions including the dues to InCred are paid in full by the Client.
- 13) InCred shall hold and / or appropriate the credit lying in the Client's account and/or any unutilized/ unpledged shares/ securities lying in the Client's demat account along with all other demat accounts / Mutual Funds / IPO account of the Client towards the repayment of the outstanding dues thereof under the MTF Facility.
- 14) All funds received by InCred shall be credited firstly to the Client's Futures and Options margin account, secondly to the MTF Facility and thereafter to other accounts, if any. The movement of funds, for the purpose of maintenance of margin for various accounts, shall take place on the basis of requirement and availability of funds.
- 15) Based on Client's preference, the Client accepts all types of communications to Client's email/message to registered mobile number of the Client/logging in on InCred website or by physical mode relating to and 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, etc.
- 16) MTF shall be provided to the extent of the maximum funding limits permitted by the SEBI/ Exchanges / InCred from time to time.
- 17) MTF shall be available only on the Exchanges decided by InCred.
- 18) InCred will only treat those securities available in demat account/s linked to the trading account of the client, which are pledged in favor of InCred as margin and repurchase benefit has been received from the Exchange.
- 19) Client will ensure that the required margin is maintained for MTF at all points of time as specified by SEBI / Exchanges / InCred from time to time.

- 20) As per the regulatory requirement for, Client shall pledge securities in favour of InCred Capital Wealth Portfolio Managers Pvt. Ltd. Client Securities under Margin Funding Account, through depository system. Client agrees to create pledge on securities immediately upon initiation of Margin Trade or latest by end of trade day, to continue with the MTF position. In case of failure/delay in creating pledge in favor of InCred as per this timeline or any other timelines as required by InCred, then InCred reserves the right to liquidate the securities purchased under MTF without prior notice to the Client, irrespective of whether such stock bought under MTF is in InCred's pool account or in client's demat account where POA / DDPI is executed in favor of InCred.
- 21) InCred 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 / Exchange / InCred 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, failing which InCred may exercise its discretion / right to liquidate the security / collateral and / or close out the position within 2 trading days from the day of margin call.
- 22) Client will make good the margin / margin call by placing further margin immediately, failing which InCred 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.
- 23) InCred may, in its sole discretion, determine the time of sale / securities to be liquidated, and / or which position(s) is / are to be closed.
- 24) All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.
- 25) In case of partial settlement / close-out from the exchange, MTF transaction will be converted to a normal (non-funded) trade.
- 26) Clients can continue the MTF positions for a maximum period of 365 days.
- 27) InCred may immediately, without any notice, liquidate the security / collateral and or close out the position in the happening of the following events:
 - i. if any instrument for payment of Margin Money / Monies is / are dishonored.
 - ii. if the Client violates/breaches any provision of this arrangement or provides any incorrect or misleading information.
 - iii. 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;
 - iv. the death, lunacy or other disability of the Client.
 - v. 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.
 - vi. if the Client is convicted under any criminal law in force.
 - vii. 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.
 - viii. Default under any other arrangement or facility with any Stock Broker is made by the Client.
 - ix. there exists any other circumstance, which in the sole opinion of InCred, is prejudicial to the interests of InCred.
 - x. Order passed by any regulatory, courts, statutory bodies etc.
- 28) The MTF facility may be withdrawn by InCred, 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. In the event of termination of this arrangement, the client shall forthwith settle the dues of InCred. InCred shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes InCred to make such adjustment. After such adjustment, if any further amount is due from the client to InCred, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to InCred, InCred shall release the balance amount to the client.
- 29) Client may Close / terminate the MTF at any time after clearing the dues of InCred.
- 30) Any dispute arising between the client and InCred in connection with the MTF shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the respective stock exchange.
- 31) In case the securities to be deposited and / or purchased for availing MTF belong to the promoter / promoter group, the client shall intimate InCred before such deposit and or purchase, else the same shall be treated as non-promoter holding.
- 32) The client agrees and confirms that InCred may appoint agents / credit bureau, for carrying out the acts mentioned in or in relation to rendering its services. Client also agrees and confirms that InCred may have different types of arrangements with various partners, group entities, vendors, agencies, affiliates, agents, regulators etc. and Client consents to share their account related information, reports issued by such credit bureau to any such parties for various Regulatory and other purposes. Client confirms that the above consent is unconditional and shall not contravene any Acts, Rules and Regulations and amendments issued by Regulator / Legislature from time to time.

Client and InCred agree to and confirm that:

Maintenance of Margin:

- i. The Client can, at any time, replace the securities provided towards collateral for the MTF Facility, as long as the said securities are approved for margin trading.
- ii. The Client's positions with regard to the MTF Facility will be monitored and reviewed on a continuous basis.
- iii. To the extent the Client is eligible and subject to the required margin being available, additional exposure over the debit balance may be granted InCred, InCred shall in its sole discretion will identify the eligible/excess securities available with the Client and mark the same as collateral towards the MTF Facility. All credit arising to the Client's account out of a sale transaction under the MTF Facility shall be first adjusted towards the debit under the MTF Facility, if any and subject to adequate margin being maintained for the outstanding debit under the MTF Facility.
- iv. InCred shall clearly indicate the additional / deficient margin to be made good by the Client when it makes a 'margin call' to the Client.
- v. If InCred liquidates the Client's securities, the contract note issued for such margin call related transaction shall carry an asterisk or identifier that the transaction has arisen as a result of a margin call.
- vi. The daily margin statements sent by InCred to the Client shall identify the margin/collateral for MTF Facility separately.

Closing/Termination of Account:

- i. Upon receipt of a request from the Client to close/terminate the account of the Client, InCred shall forthwith close/terminate the same subject to payment by the Client of all its dues under the MTF Facility.
- ii. If for any reason whatsoever InCred surrenders the MTF Facility or ceases to be a member of the stock exchange or the stock exchange withdraws the MTF Facility provided to InCred then the margin trading arrangement between InCred and the Client shall be terminated.
- iii. Subject to clearing all dues payable to InCred, the Client may opt to terminate the MTF Facility, in the event of InCred committing any breach of any terms or conditions herein or for any other reason.
- iv. Upon the Client opting to terminate the MTF Facility and on payment of all the dues payable by the Client to InCred, InCred 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 such payment.

Miscellaneous:

- i. The Client shall, after paying all dues, be free to take the delivery of the securities at any time by repaying the amounts paid by InCred to the exchanges.
- ii. InCred shall issue appropriate records to communicate to the Client the change in status of a transaction from normal to MTF Facility, if the Client determines to convert a normal trade into MTF after the issuance of a contract note and shall include information like the original contract number and the margin statement and the changed data.
- iii. If there is no transaction for 90 days in a Margin Trading Account and if there are any outstanding dues from client, then the account shall be settled immediately.
- iv. The stocks deposited as collateral with InCred (Collaterals) for availing the MTF Facility and the stocks purchased under the MTF Facility (Funded stocks) shall be separately identifiable and there shall not be any co-mingling for the purpose of computing funding amount.
- v. The funds of one Client shall not be used to provide MTF Facility to another Client even if so authorised by the first Client.
- vi. Investor Protection Fund (IPF) will not be available for transactions done on the exchanges, through the MTF Facility, in case of any losses suffered in connection with the MTF Facility availed by a client.
- vii. These Terms and Conditions are supplemental to and do not supersede the terms and conditions contained in the mandatory documents executed by the Client such as KYC forms, Rights & Obligations etc., as also the Rules, Regulations, Bye-laws, circulars of the exchanges, directives and guidelines of regulatory authorities.

Rights & Obligations of Stock Brokers & Clients for availing Margin Trading Facility – 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 (MTF) 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 payment of all 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 timelines 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 their 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 and 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.
- 4) 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.
- 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 (T stands for Trading 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 note, 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 with the 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) The stocks deposited as collateral with the stock broker for availing MTF (Collaterals) and the stocks purchased under the MTF (Funded stocks) shall be identifiable separately and there shall not be any comingling for the purpose of computing funding amount.
- 12) 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 MTF 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 MTF 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 MTF, 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 availing Margin Trading Facility - 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.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) Stock Broker/ Trading Member shall provide MTF only in respect of such shares, as may be permitted by Stock Exchange/ SEBI.

- 8) 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 the which the securities may be liquidated (Stock Broker/ Trading Member to list down situations/ conditions):
- 9) 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.
- 10) 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
- 11) 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.
- 12) 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

Signature of Client

Name of Client: _____