

MARGIN TRADING AGREEMENT

This Agreement (hereinafter referred to as "**Agreement**") is entered into on this _____ day of _____ 2020, by and between **Hem Securities Limited/ Hem Finlease Private Limited**, a Company incorporated under the Companies Act, 1956, having its registered office at 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan- 302001 (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 deemed context or meaning thereof 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) **Hem Securities Limited/ Hem Finlease Private Limited** is engaged, inter alia, in the business of stock broking and is a Trading Member of **BSE Limited/ National Stock Exchange of India Ltd.**, with SEBI Registration Number **INZ000168034** and **INZ000167734** respectively.
- (b) **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited** as a client for stock broking services and is desirous of availing Margin Trading Facility, and has approached **Hem Securities Limited/ Hem Finlease Private Limited** with that request.
- (d) Upon the request of the Client, **Hem Securities Limited/ Hem Finlease Private Limited** 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 HEM SECURITIES LIMITED/ HEM FINLEASE PRIVATE LIMITED 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 **Hem**

Securities Limited/ Hem Finlease Private Limited 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 the 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 **Hem Securities Limited/ Hem Finlease Private Limited** 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, 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 agreement as may be agreed between the parties.

III. CLIENT'S WARRANTIES

The Client warrants, represents and assures **Hem Securities Limited/ Hem Finlease Private Limited** that:

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

IV. BROKER'S REPRESENTATION

Hem Securities Limited/ Hem Finlease Private Limited represents that:

1. On entering into this agreement and deposit of initial margin by the client, **Hem Securities Limited/ Hem Finlease Private Limited** undertakes to settle the obligation towards the Stock Exchange for and on behalf of the Client. The Client hereby agrees and authorize **Hem Securities Limited/ Hem Finlease Private Limited** to make such payment on their behalf.

V. MARGIN TRADING FACILITY

1. The margin facility shall carry interest at 18% per annum.
2. The Client shall be free to take the delivery of the Share at any time by repaying the amount that was paid by **Hem Securities Limited/ Hem Finlease Private Limited** to the Stock Exchange towards Shares, and further paying all such sums of money as may be due towards brokerage, transaction costs and charges, GST and other costs towards their transactions. Alternatively, Client may at any time, but not before the delivery of the Shares has been actually received by **Hem Securities Limited/ Hem Finlease Private Limited**, choose to sell the Shares on the Stock Exchange by issuing appropriate instructions to **Hem Securities Limited/ Hem Finlease Private Limited**.
3. Provided however that, the Client may at their 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 their 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 in sub-clause 2 & 3 above, **Hem Securities Limited/ Hem Finlease Private Limited** 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, **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited** on their behalf to the Stock Exchange at the time of purchase of Shares, effect the net payment to the Client.
5. **Hem Securities Limited/ Hem Finlease Private Limited** 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/ she/ it agrees to make up the shortfall within such time as **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited** 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. **Hem Securities Limited/ Hem Finlease Private Limited** shall monitor and review on a continuous basis the client's positions with regard to the margin trading facility.
2. **Hem Securities Limited/ Hem Finlease Private Limited** shall make a 'margin call' requiring the client to place such Margin Amount 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 **Hem Securities Limited/ Hem Finlease Private Limited**, 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, **Hem Securities Limited/ Hem Finlease Private Limited** 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. **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited**, as security for repayment and settlement of amounts due to **Hem Securities Limited/ Hem Finlease Private Limited** 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, **Hem Securities Limited/ Hem Finlease Private Limited** shall be entitled to terminate this Agreement forthwith. However, **Hem Securities Limited/ Hem Finlease Private Limited** at its option may elect to give notice to the Client of such duration, and extended from time to time, if so decided by **Hem Securities Limited/ Hem Finlease Private Limited**, 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 **Hem Securities Limited/ Hem Finlease Private Limited** to the Client.
3. In the event of termination/ determination of this Agreement, the Client shall forthwith settle the dues of **Hem Securities Limited/ Hem Finlease Private Limited**. **Hem Securities Limited/ Hem Finlease Private Limited** shall be entitled to immediately adjust the Margin Amount against the dues of the Client, and the Client hereby authorizes **Hem Securities Limited/ Hem Finlease Private Limited** to make such adjustment.
4. After such adjustment, if any further amount is due from the Client to **Hem Securities Limited/ Hem Finlease Private Limited**, the Client shall settle the same forthwith. Upon full settlement of all the dues of the Client to **Hem Securities Limited/ Hem Finlease Private Limited**, **Hem Securities Limited/ Hem Finlease Private Limited** shall release the balance amount to the Client.
5. In the event of failure of the Client to settle the dues of **Hem Securities Limited/ Hem Finlease Private Limited** within 90 days, **Hem Securities Limited/ Hem Finlease Private Limited** 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

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 Hem Securities Limited/ Hem Finlease Pvt. Ltd:

Address: 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan- 302001

Telephone: 0141-4051000

E-mail: hem@hemsecurities.com

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

Address: _____

Telephone: _____

Email: _____

XI. WAIVER

Subject to SEBI requirements, any of the terms and conditions of this Agreement may be waived at any time by **Hem Securities Limited/ Hem Finlease Private Limited**, but no such waiver shall affect or impair the right of **Hem Securities Limited/ Hem Finlease Private Limited** 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 **Hem Securities Limited/ Hem Finlease Private Limited** and no such waiver, or any failure or delay on the part of **Hem Securities Limited/ Hem Finlease Private Limited** 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.

XII. 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 it 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 _____)
Hem Securities Limited/ Hem Finlease Private Limited)

in the presence of: _____)
_____)

Signed and delivered by the within named _____)
Client, _____)

in the presence of: _____)
_____)



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

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.
7. The initial margin payable by the client to **Hem Securities Limited/ Hem Finlease Private Limited** 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.

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*

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



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. In case of increase in the value of collateral, **Hem Securities Limited/ Hem Finlease Private Limited** may have the option of granting further exposure to clients subject to applicable haircuts. However, no such exposure shall be permitted on the increased value of Funded Stocks.

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 transaction 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.

RIGHTS & OBLIGATIONS (BSE/ NSE)

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/ NSE. Stock Broker/ Trading Member may note that BSE/ NSE 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 the 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.

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.