

## **Rights And Obligations Of Stock Brokers And Clients For Margin Trading Facility (MTF)**

Shreni Shares Limited (SHRENI) is eligible to provide Margin Trading Facility (MTF) in NSE and BSE to its clients in accordance with prescribed guidelines, rules and circulars issued by SEBI / Stock Exchanges from time to time. The Rights & Obligations / Terms & Conditions for MTF prescribed hereunder form part of the account opening form for the clients availing it and shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/ MIRSD/ 16/ 2011 dated August 22, 2011, SEBI Circular No. CIR/MRD/DP/54/2017 Dated June 13, 2017 and the Rules, Regulations, Bye laws, Rights and Obligations, Guidelines, circulars issued by respective Stock Exchanges from time to time

### **Part- A: Rights and Obligations- Mandatory clauses by 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 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.

**Part- B: Rights and Obligations- Mandatory clauses by 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.

**Clients 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 were 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 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.

**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.

#### **Part- C: Terms and Conditions prescribed by Shreni Shares Limited (SHRENI) for MTF**

1. The initial margin payable by the client to SHRENI 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. Such Margin can be changed from time to time as may be decided by the Management of SHRENI. Such Margin prescribed by SHRENI may be higher than the quantum prescribed by regulatory provisions. The client shall pay applicable initial margins or such other margins as are considered necessary by the stock broker or as may be directed by SEBI / Exchange(s) from time to time as applicable to Margin Trading segment in which the client trades.
2. Eligible Scrips under facility: The Margin Trading facility is applicable to Group I scrips or as specified by SEBI / Stock Exchange(s) from time to time. SHRENI shall have its own discretion to permit margin trading facility for any of the particular scrip so specified.
3. 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 a particular stock. SHRENI may demand additional margin for any particular scrip or from a particular client as per its own discretion.*

4. Leverage & Exposure: SHRENI shall provide exposure to clients based on exposure limit as prescribed by SEBI/Exchange(s) from time to time. However, based on market conditions and the risk perception about the market, SHRENI may set the Exposure limits on the basis of available collaterals which may comprise of Ledger balance and stocks (after suitable margin haircut). The limits may be allowed on a multiplier basis to the available collateral or actual VAR margin basis or a specified margin depending on market conditions. However, on exceptional situations SHRENI may use its own discretion in providing the limits and may change for a client depending on market condition. In case overall position in particular scrip or across all scrips has reached the particular limit, then client may not be allowed to take further position. Collateral provided by client towards Margin shall be free from any lien and be totally unencumbered.
5. SHRENI may from time to time impose and vary limits / margins requirement for MTF that the client can create through the stockbroker's trading system (including exposure/margin limits, limits as to value and/or kind of securities in respect of which position can be taken etc.). The client is aware and agrees that SHRENI may need to vary or reduce the limits or impose new limits urgently during market hours on the basis of SHRENI's risk perception and other factors considered relevant. SHRENI may not be able to inform the client of such variation, reduction or imposition in advance & client agree and undertakes to monitor it, margin requirements on real time basis and ensure that any shortfall in margin is immediately made good either by providing additional margin or by selling stock or squaring off the position to ensure compliance with margin requirements applicable to its account.



6. SHRENI may sell the stock or liquidate the existing position of a client in full / partial if the available margin falls short of the minimum prescribed margin as specified by SEBI / Exchange(s) / SHRENI. In case of any shortfall in the margin or debit remains even after liquidating the open position, the collaterals provided by client shall also be liquidated to recover the debits / margin shortfall.
7. The client agrees that SHRENI shall not be responsible for variation, reduction or imposition or the client's inability to create any position through SHRENI's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that SHRENI may at any time, at its sole discretion and without prior notice prohibit or restrict the client's ability to create position in securities through SHRENI or it may liquidate the position or subject any position by the client to a review before its creation and may refuse to create position due to the reason of lack of margin/ collateral, market perception and any other such reasons which SHRENI may deem appropriate in the circumstances. The client agrees that the financial charges and losses, if any on account of such refusal, liquidation or due to delay caused by such review, shall be borne exclusively by the client alone.
8. Any disputes arising between the client and SHRENI in connection with the margin trading facility or anything incidental or ancillary therewith, the client shall raise/report the same to SHRENI not later than within 24 hours of receipt of contract note for the disputed transaction, this shall have the same treatment as normal trades and will be covered under the investor grievance redressal, mechanism, arbitration mechanism of the stock exchange.

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**Signature of the Client**

**Name of the Client :**

**Client Code :**

**Date :**