

**RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS
FOR MARGIN TRADING FACILITY (MTF)**
PART A - As prescribed 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 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. SEBI/HO/MIRSD/DOP1/CIR/P/2018/87 dated June 01, 2018.

PART B - Terms and Conditions prescribed by Klay Securities Private Limited (KSPL) for Margin Trading Facility

1. The initial margin payable by the client to KSPL 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/MIRSD/DOP1/CIR/P/2018/87 dated June 01, 2018. Such Margin can be changed from time to time as may be decided by the Management of KSPL. Such Margin prescribed by KSPL 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. KSPL 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, minimum 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. KSPL may demand additional margin for any particular scrip or from a particular client as per its own discretion.

4. Leverage & Exposure: KSPL shall provide exposure to client 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, KSPL may set the Exposure limits on the basis of available collaterals which may comprise of Ledger balance and stocks (after suitable margin haircut). 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. The margin requirement of client may be changed due to but not limited to, the following factors —, market volatility, risk management policy of KSPL. KSPL will communicate / advise the parameters for the calculation of the margin / collateral requirements as rate(s) / percentage(s) of the haircut and/or as VAR / ELM requirement, through any one or more means or methods such as by messaging on the computer screen of the client's computer; by informing the client through employees / agents of KSPL; by publishing / displaying it on the website of KSPL / making it available as a download from the website of KSPL; or any other suitable or applicable mode or manner. The client shall monitor his / her / its position (including valuation of collaterals) on his / her / its own and provide the required / deficit margin / collateral as required from time to time whether or not any margin call or such other separate communication to that effect is sent by KSPL to the client and /or whether or not such communication is received by the client to avoid any liquidation.
6. KSPL may sell the stock or liquidate the existing position of a client in full / partial if the available margin falls short of minimum prescribed margin as specified by SEBI / Exchange(s) / KSPL. In case of any shortfall in the margin or debit remains even after liquidating the open position or the collaterals provided by client shall also be liquidated to recover the debits / margin shortfall or sell shares lying in demat account of client to recover outstanding dues.
7. The client agrees that KSPL shall not be responsible for variation, reduction or imposition or the client's inability to create any position through KSPL's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that KSPL may at anytime, at its sole discretion and without prior notice prohibit or restrict the client's ability to create position in securities through KSPL or it may liquidate the position/sell shares 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 KSPL 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 under MTF or otherwise, shall be borne exclusively by the client alone.
8. In addition to powers granted by way of Power of attorney executed at the time of account opening, the client hereby authorise KSPL to transfer or pledge the stock held in the demat account with KSPL. KSPL has a right to lien and / or pledge the Securities / collaterals and its corporate benefits, if any, lying in demat account of client, or the securities bought by the client under the Margin Trading Facility and shall continue to hold / pledge till the amount due in respect of the said transaction including the dues to KSPL is paid in full by the Client.
9. In addition to what the client has agreed to the terms and conditions governing the trading and broking services, KSPL may terminate or close this facility at anytime by giving 5 days notice to client without assigning any reasons or in case of regulatory of legal requirement.
10. Client agree to pay Interest at the rate of 18 % p.a. (plus taxes, if any applicable) on debit arising out of the exposure availed by the client (i.e. the amount financed by KSPL), compounded monthly and any changes as mutually agreed from time to time.
11. Any disputes arising between the client and KSPL in connection with the margin trading facility or anything incidental or ancillary therewith, the client shall raise/report the same to KSPL no later than within 24 hours of execution of the transaction under dispute or within 24 hours of receipt of contract note for the disputed transactions, shall have the same treatment as normal trades and will be covered under the investor grievance redressal mechanism, arbitration mechanism of the stock exchange.