

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.

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.
1. 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.
9. The daily margin statements sent by broker to the client shall identify the margin/collateral for Margin Trading separately.
10. Margin Trading Accounts where there was no transactions for 90 days shall be settled immediately.

11. 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;
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 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 anytime 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.

Terms and Conditions for availing Margin Trading Facility (MTF)

The terms and conditions prescribed hereunder by **SMIFS Limited** (hereinafter referred to as “**SMIFS/ the Company**”) form part of account opening form, shall be read in conjunction with the Rights and Obligations as prescribed under SEBI Circulars dated August 22, 2011; December 16, 2016; June 13, 2017; August 01, 2017; November 30, 2022 and September 11, 2024 the Rules, Regulations, Bye laws, Rights and Obligation, Guidelines, circulars issued by SEBI and Exchanges from time to time.

A) The Client undertakes, authorizes, confirms and agrees while undertaking Securities Transactions under Margin Trading Facility (MTF) to/that:

1. Avail MTF in accordance with the terms and conditions of MTF offered by SMIFS.
2. Give consent to the Terms and Conditions herein through email / SMS from his email id /mobile number registered with SMIFS or by online mode by logging-in on the website of SMIFS in a secured manner or by physical mode.
3. SMIFS at all times shall have the liberty to exercise its right in its sole discretion to determine the extent to which the MTF to be made to the Client.
4. Pay interest at the rate agreed under the voluntary terms and conditions at the time of opening the client's account and/or modified and communicated from time to time by SMIFS.
5. To communicate/indicate that the transaction is under MTF Facility before placing an order with SMIFS. If the transaction is entered under MTF, there will not be any further confirmation that it is a margin trading transaction other than the contract note issued on the conclusion of the transaction.
6. Transaction/s to be considered for exposure to the MTF shall be informed to SMIFS in writing or in any other irrefutable mode of communication, including a call to the Relationship Manager or helpdesk, on a recorded land line on T day before closing of the trading hours. In the absence of any such express communication, the transaction shall be considered under the normal trading facility.
 - i. SMIFS in its discretion, may identify the eligible/excess securities available with the client and mark as collateral towards MTF.
 - ii. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.
7. SMIFS shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of SMIFS) and SMIFS shall not be required to provide any reasons thereof nor shall SMIFS be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of SMIFS refusal to grant MTF to the Client.
8. Client includes Individual, Company, Partnership firm, Trust, Hindu Undivided Family, Association of Person and Body of Individuals etc.
9. The dues, wherever mentioned herein, includes but not limited to outstanding balances, interest, statutory taxes, duties, charges, penalties etc. in respect of MTF availed by the Client.
10. 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.

11. Accept all types of communications 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, allowable exposure, specific stock exposure etc. through the Client's E-mail / SMS at the email id / mobile number of the Client registered with SMIFS or by way of logging-in on website of SMIFS in a secured manner or physical mode, based on client's preference.
12. The initial margin payable by the Client to SMIFS shall be in the form of cash, cash equivalent, or Group I equity shares or units of Group I Equity ETFs, with appropriate haircut as specified in SEBI Circulars. The MTF shall be provided only in respect of Shares permitted by the SEBI/ Exchanges / SMIFS from time to time.
13. SMIFS to retain and/or pledge the securities and its corporate benefits, if any, with SMIFS utilized for availing MTF till the amount due in respect of the said transaction, including the dues to SMIFS is paid in full by the Client.
14. SMIFS to hold and / or to 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.
15. Treat the securities available in demat account/s linked to the trading account of the Client as margin towards the MTF availed.
16. Ensure required margin is maintained for MTF at all point of time as specified by SEBI / Exchanges / SMIFS from time to time.
17. SMIFS 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 / SMIFS 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, not later than 5 working days from the day of margin call, failing which SMIFS may exercise its discretion / right to liquidate the security / collateral and / or close out the position immediately.
18. Make good deficient margin / margin call by placing the further margin immediately, failing which SMIFS 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.
19. Notwithstanding anything contained in clauses 17 and 18 above, SMIFS may, in its sole discretion, determine the time of sell / securities to be liquidated, and / or which contract(s) is / are to be closed.
20. All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.
21. SMIFS may immediately "without any notice" liquidate the security / collateral and or close out the position in the happening of the following events:
 - iii. if any instrument for payment of Margin Money / Monies is / are dishonored;
 - iv. if the Client violates/breach any provision of this Arrangement or provides any incorrect or misleading information;

- v. 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;
 - vi. the death, lunacy or other disability of the Client;
 - vii. 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;
 - viii. if the Client is convicted under any criminal law in force;
 - ix. 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;
 - x. default under any other arrangement or facility with any Stock Broker is made by the Client.
 - xi. there exists any other circumstance, which in the sole opinion of SMIFS, is prejudicial to the interests of SMIFS;
 - xii. Order passed by any regulatory, courts, statutory bodies etc.
22. The MTF facility may be withdrawn by SMIFS, 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.
23. In the event of termination of this arrangement, the client shall forthwith settle the dues of SMIFS. SMIFS shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes SMIFS to make such adjustment. After such adjustment, if any further amount is due from the client to SMIFS, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to SMIFS, SMIFS shall release the balance amount to the client.
24. SMIFS may release/ unpledged / transfer the securities utilized for MTF within 5 working days from the date of clearing the dues to SMIFS.
25. Lodge protest or disagreement with any transaction done under MTF within 24 hours from the date of receipt of such document/statements / contract notes/ any other communications.
26. Close/terminate the MTF at any time after clearing the dues of SMIFS.
27. Any dispute arising between the client and SMIFS in connection with the MTF, shall be covered under the investor grievance redressal mechanism, arbitration mechanism of the respective stock exchange and online dispute resolution (ODR).
28. In case the securities to be deposited and / or purchased for availing MTF belong to the promoter/promoter group, the client shall intimate SMIFS before such deposit and or purchase, else the same shall be treated as non-promoter holding.
29. The terms and conditions and amendments made by SMIFS from time to time is available on the company's website www.smifs.com

B) SMIFS undertakes, authorizes, confirms and agrees while providing Securities Transactions under Margin Trading Facility (MTF) to/that:

1. Client shall be free to take the delivery of the securities at any time by repaying the amounts that was paid by SMIFS to the Exchange towards securities after paying all dues.
2. Client has a right to change the securities collateral offered for MTF at any time so long as the securities so offered are approved for margin trading facility.
3. SMIFS shall monitor and review on a continuous basis the client's positions with regard to MTF.
4. Additional exposure over debit balance (arising out of trade executed under normal trading facility), beyond fifth trading day reckoned from pay-in date, may be granted under MTF to the extent the Client is eligible and subject to availability of required margin. In such event, SMIFS in its discretion may identify the eligible/excess securities available with the client and mark as collateral towards MTF. All credit arising out of sale transaction under MTF shall be first adjusted towards the debit under normal trading facility, if any and subject to adequate margin being maintained for the outstanding MTF debit.
5. In case the client determines to convert a normal trade into MTF after the issuance of contract note, SMIFS shall issue appropriate records to communicate to the 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.
6. SMIFS when makes a 'margin call' to the client, shall clearly indicate the additional / deficient margin to be made good.
7. Whenever securities are liquidated by SMIFS, 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.
8. The daily margin statements sent by SMIFS to the client shall identify the margin/collateral for Margin Trading separately.
9. In the event there is a credit balance outstanding in the Margin Trading Account, where there no transactions for 90 days and no dues outstanding from the Client shall be settled immediately and/or on accordance to the Running Account Settlement procedure. Margin Trading Account where there is no transaction for 90 days and no dues outstanding from the client shall be settled immediately.
10. The stocks deposited as collateral with SMIFS for availing MTF (Collaterals) and the stocks purchased under the MTF (Funded stocks) shall be identifiable separately and there shall not be any commingling for the purpose of computing funding amount.
11. SMIFS shall close/terminate the account of the client forthwith upon receipt of request from the client subject to the condition that the client has paid the dues under MTF.
12. The margin trading arrangement between SMIFS and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the MTF provided to SMIFS or SMIFS surrenders the facility or SMIFS ceases to be a member of the stock exchange.
13. The Client may opt to terminate the MTF in the event of SMIFS committing any breach of any terms or conditions herein or for any other reason.

14. If the client opts to terminate the MTF, SMIFS 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 termination, on payment of all the dues by the client.
15. SMIFS shall not use the funds of one client to provide MTF to another client, even if the same is authorized by the first client.
16. Investor Protection Fund (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.
17. The Terms & 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 prescribed by the Stock Exchanges etc., as also the Rules, Regulations, Bye-laws, circulars of the exchanges, directives and guidelines of Regulatory Authorities.