

STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 3051 5400 / 4011 5400 Fax: (91 33) 2289 3401

Email ID: investors@smifs.com Website: www.smifs.com

MARGIN TRADING FACILITY POLICY

Policy Authored By:

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**Miss Nisha Patodia
Company Secretary**



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INTRODUCTION

Margin Trading facility means where a broker allows clients to buy stocks just by paying margin (from approved list of stocks) and not the total value of stocks is known as Margin Trading Facility. Clients can carry the position just by maintaining minimum margin.

Normally clients buy and sell stocks with their own money. However, some specific stocks may look attractive at some point in time either because of market conditions or some sector/company specific news. If clients don't have the required funds to trade in a particular stock, then the client can opt for margin trading facility. Margin Trading facility helps clients to trade in stocks where they are required to put in certain percentage as the margin amount (similar as a down payment in any loan product). This margin amount will vary from stock to stock, Stewart & Mackertich will fund the rest of the transaction so that the clients are able to purchase these share with an interest charged as and when clients give consent and register himself for MTF Segment and avail the Margin Trading facility. The interests are applied to the Margin Trading Account unless the clients decide to make payment.

There are restrictions on the stocks, clients can buy on Margin Trading. The Securities and Exchange Board of India regulates which stocks are marginable. As a general rule and practice clients are not allowed to purchase penny stocks or Initial Public Offerings (IPO) on Margin as risks involved with these types of stocks is high. Stewart & Mackertich can independently decide not to margin certain stocks, so check what restrictions exist on your Margin Account. The buying power of a margin trading account changes daily depending on the price movement of the marginable securities in the account.

The Securities and Exchange Board of India (SEBI) in its endeavor to regulate, develop and keep pace with the dynamic securities market, to protect the interest of investors and in line with its experience in dealing with Margin Trading Facility had prescribed a framework for permitting stock brokers to provide margin trading facility to their clients vide various circular SEBI/MRD/SE/SU/Cir-16/04 dated March 31, 2004 and circular MRD/DoP/SE/Cir- 08/2005 dated March 04, 2005.

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TERMS AND CONDITIONS FOR AVAILING MARGIN TRADING FACILITY (MTF)

The terms and conditions prescribed hereunder by **Stewart & Mackertich Wealth Management Limited** (hereinafter referred to as Stewart & Mackertich) form part of account opening form, 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/ HO/ MRD/ DP/ CIR/ P/ 2016/ 135 dated December 16, 2016 and CIR/ MRD/ DP/ 54/ 2017 dated June 13, 2017 and CIR/MRD/DP/ 86/2017 dated August 01, 2017 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 to/that:

1. Avail MTF in accordance with the terms and conditions of MTF offered by Stewart & Mackertich.
2. Give consent to the Terms and Conditions herein through email / SMS from his email id / mobile number registered with Stewart & Mackertich or by online mode by logging-in on the website of Stewart & Mackertich in a secured manner or by physical mode.
3. Stewart & Mackertich 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 Stewart & Mackertich.
5. If the transaction is entered under MTF, there will not be any further confirmation that it is margin trading transaction other than contract note.



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6. Transaction/s to be considered for exposure to MTF shall be informed to Stewart & Mackertich in writing or in any other irrefutable mode of communication not later than T+1 day, else the same shall be considered under normal trading facility. 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, Stewart & Mackertich 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.
7. Stewart & Mackertich shall not be bound to grant MTF to the Client (which decision shall be at the sole and exclusive discretion of Stewart & Mackertich) and Stewart & Mackertich shall not be required to provide any reasons thereof nor shall Stewart & Mackertich be liable for any damages (whether direct or consequential or whether financial or non-financial) to the Client by reason of Stewart & Mackertich 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.



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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 Stewart & Mackertich or by way of logging-in on website of Stewart & Mackertich in a secured manner or physical mode, based on client's preference.
12. The MTF shall be provided only in respect of Shares permitted by the SEBI/ Exchanges / Stewart & Mackertich from time to time.
13. Stewart & Mackertich to retain and / or pledge the securities and its corporate benefits, if any, with Stewart & Mackertich utilized for availing MTF till the amount due in respect of the said transaction including the dues to Stewart & Mackertich is paid in full by the Client.
14. Stewart & Mackertich 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 / Stewart & Mackertich from time to time.
17. Stewart & Mackertich 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 / Stewart & Mackertich 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 Stewart &

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Mackertich 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 Stewart & Mackertich 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, Stewart & Mackertich 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. Stewart & Mackertich 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/breach 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;



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- 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 Stewart & Mackertich, is prejudicial to the interests of Stewart & Mackertich;
 - x. Order passed by any regulatory, courts, statutory bodies etc.
22. The MTF facility may be withdrawn by Stewart & Mackertich, 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 Stewart & Mackertich. Stewart & Mackertich shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes Stewart & Mackertich to make such adjustment. After such adjustment, if any further amount is due from the client to Stewart & Mackertich, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to Stewart & Mackertich, Stewart & Mackertich shall release the balance amount to the client.

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24. Stewart & Mackertich may release/ unpledged / transfer the securities utilized for MTF within 5 working days from the date of clearing the dues to Stewart & Mackertich.
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 Stewart & Mackertich.
27. Any dispute arising between the client and Stewart & Mackertich in connection with the MTF, shall be referred to the investor grievance redressal mechanism, arbitration mechanism of the respective stock exchange"
28. In case the securities to be deposited and / or purchased for availing MTF belong to the promoter / promoter group, the client shall intimate Stewart & Mackertich 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 Stewart & Mackertich from time to time is available on company's website www.smifs.com.

B) Stewart & Mackertich undertakes, authorizes, confirms and agrees 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 Stewart & Mackertich 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. Stewart & Mackertich shall monitor and review on a continuous basis the client's positions with regard to MTF.

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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, Stewart & Mackertich 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, Stewart & Mackertich 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. Stewart & Mackertich 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 Stewart & Mackertich, 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 Stewart & Mackertich to the client shall identify the margin/collateral for Margin Trading separately.
9. 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 Stewart & Mackertich 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.

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11. Stewart & Mackertich 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 Stewart & Mackertich and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the MTF provided to Stewart & Mackertich or Stewart & Mackertich surrenders the facility or Stewart & Mackertich ceases to be a member of the stock exchange.
13. The Client may opt to terminate the MTF in the event of Stewart & Mackertich committing any breach of any terms or conditions herein or for any other reason.
14. If the client opts to terminate the MTF, Stewart & Mackertich 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. Stewart & Mackertich 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.

