

## **RIGHTS & OBLIGATIONS OF STOCK BROKERS & CLIENTS FOR MARGIN TRADING FACILITY (MTF) - 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.

### **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.
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 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 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.

**RIGHTS AND OBLIGATIONS RELATING TO MARGIN TRADING FACILITY  
PROVIDED BY STOCK BROKER/ TRADING MEMBER TO CLIENTS - 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. CIR/ MIRSD/ 16/ 2011 dated August 22, 2011.

## **TERMS AND CONDITIONS OF UPSTOX SECURITIES PRIVATE, LIMITED (UPSTOX)**

### **FORMARGIN TRADING FACILITY**

The Margin Trading Facility would be available in accordance to the additional terms and condition laid down below:

- 1) To avail the Margin Trading Facility by client the minimum margin requirement would be VAR + 3 times of ELM in case of F&O Stock and VAR + 5 times of ELM in case of Non F&O Stock. However if the EOD margin requirement as provided by the exchange is higher than the MTF margin requirement, such additional margin requirement would be required to be fulfilled by the client. Non fulfilment of margin requirement may result in shortfall and subsequent penalty.
- 2) Such margin would be only in the form of Cash or Collateral as may be decided by Upstox.
- 3) No client would be provided exposure beyond a limit as may be decided by Upstox from time to time.
- 4) The Client understands that Margin Trading Facility would be extended only for the Stocks as determined by Upstox from time to time among the Group 1 category as permitted by the exchange. If at any time the funded stock moves out of the Group 1 category, client would be compulsorily required to liquidate such position within 30 days from the date such shares moves out of the Group 1 category. In case such a position is not liquidated by client, Upstox shall liquidate such position on the 30th day.
- 5) Post square off (whether by client or Upstox), margins would be released from T+1 day.
- 6) The tender period for Margin Trading position so taken up by the client would be valid for such a number of days from the trade date of such position as may be decided by Upstox from time to time. Clients would be required to release such a position on or before the date as may be intimated to the client by Upstox by taking delivery of such shares by paying the funded amount or by squaring off such position. Any pending position beyond the intimated date may be squared off at the prevailing market rates on best effort basis by Upstox; Upstox shall not be responsible for any loss arising to client from such square off, further clients would not be allowed to take any new position in the same script for position squared off by Upstox. Post squaring off of the position funds would first be allocated towards satisfying the funded, interest accumulated to Upstox and statutory charges as applicable and only the balance would be credited to the client ledger.
- 7) Fees, Charges, Interest & Penalty:
  - a. Brokerage of Rs. 20 or 0.10% whichever is less would be applicable per order (on both Buy and Sell Transaction, whether delivery or Intraday or BTST trade) under Margin Trading Facility.
  - b. Pledge / Unpledge / confiscation (Invocation) charges @ Rs. 20 shall be applicable.
  - c. Square off charges @ Rs. 50 shall be levied for every position so squared off by Upstox.
  - d. Interest charges\* for using Margin Trading Facility would be Rs. 20 per day for every Rs. 40000 of the funded amount.
  - e. Penalty @ Rs. 50 per day for every Rs. 40000 of the funded amount as provided for condition in clause 9
  - f. Margin shortage penalty as per exchange rates.

\* The charges would be applicable from the date of funds PayIn to the exchanges and till the date of funds payout received from the exchange post square off of the Margin Trading position.

- g. Other statutory charges (including confiscation) and taxes shall apply as applicable and borne by the client.
- 8) As per regulatory requirement for entering into Margin Trading position, clients would be prompted to create a future pledge at the CDSL systems in favour of Upstox Securities Priva – MTF Account. Clients would be required to confirm such pledge within a stipulated time (as may be decided by Upstox) on the trade day to continue with the MTF position.
  - 9) Non acceptance of pledge request within the stipulated timelines, would lead to converting the MTF position to normal position on T day. Such a position shall be squared off any time after the settlement day but before the regulatory norms. Funds blocked during the settlement of such position(s) would be liable to penalty as provided in clause 7.
  - 10) The Margin Trading position of the client shall always be marked to market. Accordingly, at any point of time, if the MTM loss of the client goes beyond 70% of the margin value deposited by such client with Upstox towards the MTF open position(s), the client position(s) shall be squared off at the prevailing market rate by confiscating (invoking) the shares associated to such position of the client.
  - 11) Client shall be solely responsible to fulfil any margin calls made by Upstox during the existence of the position. Non fulfilling of margin requirements may lead to conversion of MTF position into delivery in case funds are available, in case of non availability of funds Upstox would mandatorily confiscate the shares and sell them at the prevailing market rate.
  - 12) In case there is a shortfall in receipt of securities against the buy position of the client, such shortfall shall be dealt with in the following manner:
    - a) In case there is a payout shortage(s) on the settlement day for bought MTF position(s), the same would be converted to normal delivery in the client's account. The shares thus received on the settlement date or under Auction payout would be delivered to the clients demat account upon full payment of the position else would be held back in CUSPA account. The client will have to make the payment for the unpaid part within the timelines as prescribed under the regulatory norms, else such shares shall be squared off by the end of such timeline.
    - b) In case of the closeout credit for the bought MTF position(s), the same would be credited to the client's account.

Under both the above points (a & b) Upstox shall first recover the funded amount and only the balance amount (if any) would be credited to the clients ledger on the settlement date. Upstox shall not be liable for any loss arising to the client.

- 13) To satisfy any obligation / dues of the client under Margin Trading Facility funds from the client's normal ledger would be moved to his / her MTF ledger by passing a JV.
- 14) Client shall at all times be fully responsible to make good any dues pending to be paid to Upstox, such dues may not be limited to only funded amount or charges, it may also include statutory charges, Taxes etc.
- 15) On squaring off any position by client or by Upstox from such sale value the funded amount, applicable taxes, applicable charges and applicable upfront margin would first be reduced and only on the balance amount further exposure shall be granted (if any).
- 16) If at any point there is any margin shortfall, the client shall be responsible for penalties applicable (if any).

- 17) The client understands that Upstox shall be reporting to the stock exchanges on a daily basis the details of the client's funded position/collaterals position and such other details as may be required.
- 18) The client understands that Upstox reserves the right to modify any of the terms in the relation to Margin Trading facility so provided here in the document.
- 19) The client understands that from the date of signing this document if there are any regulatory / operational changes in the functioning of the Margin Trading Facility, such changes shall apply without any intimation to the client.
- 20) Upstox reserves the right to deny providing of the Margin Trading Facility to any client without assigning any reason. During the existence of the agreement, if it is found any breach / fraud has been committed by the client against Upstox, such client shall be liable to make good all the financial loss incurred by Upstox including any legal and technical cost that would have been borne by Upstox. The client would also be subject to any legal action as may be necessary.
- 21) Upstox also reserved the right to withdraw the Margin Trading facility any time by issuing a notice of not greater than 30 days to its clients. On withdrawal of such a facility , a client would be required to settle its position and clear out any pending dues.
- 22) The client understands that the service provided hereunder is through the use of software's and systems. If at any point of time there is any technical failure, Upstox or the exchange shall not be responsible for any loss suffered by the client.