

MARGIN TRADING FACILITY (MTF)
Rights & Obligations / Terms & Conditions to avail MTF

Prudent Broking Services Pvt Ltd. member of National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and Metropolitan Stock Exchange of India Limited (MSEI) is eligible to provide Margin Trading Facility (MTF) in NSE segment 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 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 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.

The Client availing MTF facility undertakes, authorizes, confirms and agrees to/that:

1. Avail MTF in accordance with the terms and conditions of MTF offered by Prudent Broking Services Private Limited.
2. Prudent Broking Services Private Limited 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 available to the Client.
3. The Initial Margin required shall be in the form of cash, cash equivalent, or Group I Equity securities with appropriate hair cut(VAR + ELM).
4. Prudent Broking Services Private Limited shall have discretion to allocate available securities/funds as collateral against MTF.
5. Prudent Broking Services Private Limited 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.
6. Prudent Broking Services Pvt Ltd. shall maintain separate ledger for fund & securities of client availing MTF.
7. Prudent Broking Services Pvt Ltd. may release/ transfer excess securities for MTF on request of Client

Rights of the Client:

1. Free to take the delivery of the securities at any time from its MTF account to normal trading account by repaying the amount that was funded by Prudent Broking Services Pvt Ltd. to the Exchange towards securities after paying all dues.
2. May change the securities collateral offered for MTF at any time so long as the securities so offered are approved for MTF by Prudent Broking Service Pvt Ltd.

Rights of Prudent Broking

1. Prudent Broking Services Pvt Ltd. and client may agree between themselves the terms and condition if any before commencement of MTF.

2. Prudent Broking Services Pvt Ltd. may set up its own risk management policy that will be applicable to the transactions done under the MTF. Prudent Broking Services Pvt Ltd. 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 MTF.
3. Prudent Broking Services Pvt Ltd. has a right to retain the securities provided as collateral or the securities bought by the client under the MTF.
4. Prudent Broking Services Pvt Ltd. may liquidate the securities if the client fails to meet the margin call made as mutually agreed in liquidation terms of margin call.

Obligations of Prudent Broking:

1. Prudent Broking Services Pvt Ltd. shall not use the funds and securities of one client to provide MTF to another client, even on the authority of the client.
2. The Securities deposited as collateral for availing MTF (Collaterals) and the Securities purchased under the MTF (Funded Securities) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount.
3. The daily margin statements sent by Prudent Broking Services Pvt Ltd. to the client shall identify the margin/collateral for Margin Trading separately.
4. Prudent Broking Services Pvt Ltd. when makes a 'margin call' to the client, shall clearly indicate the margin requirement to be made.
5. Whenever securities are liquidated by Prudent Broking Services Pvt Ltd., the contract note issued for such margin call related transactions shall carry or identify that the transaction has arise out of margin call.
6. Prudent Broking Services Pvt Ltd. 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.

Eligible Securities & Margin Required for MTF:

1. Securities specified under “**MTF Approved Category List**” by Prudent Broking Services Pvt Ltd. from time to time which must be a part of ‘Group I security’ as per Exchanges /SEBI shall be eligible for MTF. Prudent Broking Services Pvt Ltd. reserves the right to include or exclude any Securities from its “MTF Approved Category List” as per the discretion of Risk Management Committee without any prior intimation.
2. The client shall deposit the following initial margin, in order to avail MTF:

| Category of Stock | Applicable Margin |
|---|---|
| Group I stocks available for trading in the F & O Segment | VaR + 3 times of applicable ELM VaR (whichever is higher) |
| Group I stocks other than F&O stocks | VaR + 5 times of applicable ELM VaR (whichever is higher) |

4. The Initial Margin payable by the client shall be in the form of cash, cash equivalent, or Group I Equity securities with appropriate hair cut. Where the margin is made available by way of securities, Prudent Broking Services Private Limited is empowered to decline its acceptance of any securities as margin and/or to accept it at such reduced value as Prudent Broking Services Private Limited may deem fit by applying haircuts or by valuing it by

marking it to market or by any other method as Prudent Broking Services Private Limited may deem fit in its absolute discretion.

5. Prudent Broking Services Private Limited 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/ Prudent Broking Services Private Limited 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 3 working days from the day of margin call, failing which Prudent Broking Services Private Limited may exercise its discretion/right to liquidate the Collaterals and/or Funded Securities immediately.
6. The Client shall maintain margin (VAR+ ELM) with Prudent Broking Services Private Limited at all the times.

Margin Call

1. If the Client is intimated about the Margin shortage through any of the mutually agreed mode of communication, then the client shall make good such deficiency in the amount of margin placed with Prudent Broking Services Private Limited. Margin call will be made if Margin available falls below 20 % or 10 working days (whichever comes first) of the margin required.

Liquidation/Squaring-off of MTF Collaterals/Funded Securities:

MTF Collaterals/Funded Securities of client may be liquidated/squared off immediately in case of any of the following situations/conditions, without any further notice/intimation and all the losses and financial charges on account of such liquidation shall be charged and borne by the client:

1. If the value of the Collaterals/Margin deposited by client with Prudent Broking Services Private Limited to purchase Securities under MTF (Funded Securities), falls below the 25 % of the margin required.
2. If the client fails to meet the margin call and margin shortage continued for 10 trading days from the day of margin call.
3. If the Client violates/breaches any provision of this Arrangement or provides any incorrect or misleading information;
4. 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;

Settlement of MTF Account

1. Margin Trading Accounts where there was no transaction for 90 days shall be settled immediately provided there are no dues outstanding in the MTF account. Debit balance, if any, in the normal trading account shall be first adjusted against the MTF account and the remaining amount shall be paid to the Client.
2. Client's balances in any other segment/exchange can be adjusted/recovered against dues in MTF account.

Termination of Relationship

1. Client may close/terminate the MTF account at any time after paying the dues.
2. The margin trading arrangement between Prudent Broking Services Private Limited and the client shall be terminated; if the Stock Exchange, for any reason, withdraws the MTF provided to Prudent Broking Services Private Limited or Prudent Broking Services Private Limited surrenders the facility or Prudent Broking Services Private Limited ceases to be a member of the stock exchange.
3. The MTF facility may be withdrawn by Prudent Broking Services Private Limited, 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 MTF in the event of Prudent Broking Services Private Limited committing any breach of any terms or conditions therein or for any other reason.
4. In the event of termination of this arrangement, the client shall forthwith settle the dues of Prudent Broking Services Private Limited. Prudent Broking Services Private Limited shall be entitled to immediately adjust the Margin Amount against the dues of the client, and the client hereby authorizes Prudent Broking Services Private Limited to make such adjustment.
5. After such adjustment, if any further amount is due from the client to Prudent Broking Services Private Limited, the client shall settle the same forthwith. Upon full settlement of all the dues of the client to Prudent Broking Services Private Limited, Prudent Broking Services Private Limited shall release the balance amount to the client.
6. If the client opts to terminate the MTF, Prudent Broking Services Private Limited shall forthwith return to the client all the collaterals provided and funded securities retained on payment of all the dues by clients.