

APPLICATION CUM UNDERTAKING FOR MARGIN TRADE FUNDING (MTF) FACILITY

Date: _____

To,
PINNACLE FOREX & SECURITIES PVT LTD
Office No. A-1307, O2 Commercial Bldg.,
Plot No.23-24, Nr. Minerva Industrial Estate,
Mulund (W), Mumbai 400 080.

Dear Sir,

Sub: Request for availing Margin Trading Funding facility (MTF FACILITY) offered by SEBI recognized Stock Exchange from time to time (hereinafter jointly referred to "MTF FACILITY")

I/We am/are registered as your client and have executed Know Your Client form and certain other documents for the purpose of trading in securities market on the recognized Stock Exchange (herein after referred as "Exchange").

I/We am/are interested in availing the Margin Trading Funding facility (MTF FACILITY) of the Exchanges for the purpose of Margin Trading Funding Scheme permitted to be dealt with on the SEBI recognized Stock Exchanges.

For the purpose of availing MTF FACILITY, I/we state that Know Your Client details as submitted by me/us for the trading account, may be considered for the purpose of MTF FACILITY and I/We further confirm that the details contained in the same remain unchanged as on date.

I/We have read and understood the contents of the Information Document and Rights & Obligations. I/We agree to abide by the terms and conditions, rules and regulations of the MTF FACILITY, and further agree to abide by any terms and conditions as may be specified by Pinnacle Forex & Securities Private Limited, the Exchanges or SEBI from time to time in this regard.

I further agree that the POA submitted for the movement of shares by me for my normal trading will also be applicable for your demat account number pertaining to MTF account.

I/We am/are aware that I can avail this facility from any one broker and undertake that I have not availed MTF FACILITY with any other broker. I hereby indemnify Pinnacle Forex & Securities Private Limited for any breach or any loss arising from this declaration.

I/we therefore request you to register me/us as your client for participating in MTF FACILITY.

Client's Signature: **X** _____

Client's Name: _____

Client Code: _____

ADDENDUM TO AGREEMENT BETWEEN EXCHANGE MEMBER AND CUSTOMER

This addendum (the "Addendum") to the "AGREEMENT BETWEEN EXCHANGE MEMBER AND CUSTOMER" entered into by and between PINNACLE FOREX AND SECURITIES PRIVATE LIMITED ("PFSP")

and

Mr./Ms/ M/s _____ ("Customer")

Margin Trading Facility: Whereas upon the request of the Customer, PFSP has agreed to provide a margin trading facility to the Customer subject to the following terms and conditions:

- a. Definitions. Exclusively for the purposes of subsections 2 (b to h), the following terms shall be defined as follows:
- "**Initial Margin**" means the minimum amount, calculated as a percentage of the transaction value, to be placed by the Customer, with PFSP, before the actual purchase. PFSP will advance the balance amount to meet full settlement obligations.
- "**Maintenance Margin**" means the minimum amount, calculated as a percentage of the market value of the securities, calculated with respect to the last trading day's closing price, to be maintained by the Customer with PFSP.
- "**Margin Amount**" shall mean such amount as may be required to be placed with PFSP in such form and in such manner as may be acceptable to PFSP by the Customer or as may be prescribed by SEBI, or the Exchange, or by PFSP for conducting transactions in Shares.
- "**Margin Trading Facility**" or MTF means and refers to the facility pursuant to which part of the transaction value due to the Stock Exchange, at the time of purchase of Shares, shall be paid by PFSP on behalf of the Customer on Customer's request, on such terms and conditions as contained in this Agreement.
- "**Mark to Market Loss**" or "**MTM Loss**" means the difference between the purchase value of the shares and the marked to market value of these shares.
- "**Mark to Market Value of shares**" or "**MTM Value of Shares**" means the value of shares calculated with reference to the previous day's closing price on the Stock Exchange.
- "**Share/s**" means and refer to the shares / stock / securities eligible for margin trading facility, as specified by the SEBI from time to time and approved by PFSP for the purpose of granting MTF.
- "**Stock Exchange**" means the stock exchange on which the shares have been purchased.
- b. Customer Representation. The Customer hereby undertakes to:
- Place the initial and maintenance margin amounts as PFSP may specify to the Customer from time to time, subject to requirements specified by SEBI.
 - Authorize retention of the shares with PFSP upon the receipt of the same in the pay out from the Stock Exchange until the amount due in respect of the said transaction including the dues to PFSP is paid in full by the Customer.
 - To pay to the PFSP - brokerage, commission, fees, transaction costs, service tax, stamp duty and other taxes / expenses as are prevailing from time to time and as they apply to the Customer's account, transactions and to the services that the broker renders to the Customer.
 - Abide by any revision in any of the terms of this margin agreement as may be agreed between the parties.
- c. Customer Warranties. The Customer warrants, represents and assures PFSP that:
- The Customer has the necessary authority to enter into this Agreement and observe and perform the obligations herein contained.
 - The Customer shall duly observe and perform the conditions and obligations stated herein.
- d. PFSP Representation: PFSP represents that on entering into this agreement and deposit of Initial Margin by the Customer, PFSP undertakes to settle the obligation towards the Stock Exchange for and on behalf of the Customer. The Customer hereby agrees and authorizes PFSP to make such payment on Customer's behalf.
- e. Margin Trading Facility:
- The margin facility shall carry _____% interest as agreed to by PFSP and the Customer.
 - The Customer shall be free to take delivery of the Shares at any time by repaying the amounts that was paid by PFSP to the Stock Exchange towards Shares, and further paying all such sums of money as may be due towards brokerage, transaction costs and charges, service tax and other costs towards his transactions. Alternatively, Customer may at any time, but not before the delivery of the Shares has been actually received by PFSP, choose to sell the Shares on the Stock Exchange by issuing appropriate instructions to PFSP.
 - Provided however that, the Customer may at his risk as to cost and consequences, choose to sell the Shares prior to receipt of confirmation from the Stock Exchange of delivery of securities against his purchase, and in such situation, the Customer shall be fully responsible to bear the losses / costs arising due to auctions / closeout by the Stock Exchange, in the event the delivery against purchase fails to materialize.
 - Where the Shares are sold as provided above, PFSP will effect the pay-in of Shares to the Stock Exchange in accordance with the Stock Exchange requirements. Upon receipt of sale proceeds from the Stock Exchange towards the sale of Shares, PFSP shall, after deducting therefrom brokerage, fees, charges, levies, taxes, duties and other costs, charges and expenses, and further deducting amounts due to it from the Customer on account of moneys paid by PFSP on his behalf to the Stock Exchange at the time of purchase of Shares, effect the net payment to the Customer.

- v. PFSP may, at its sole and absolute discretion, revise the limit of initial and/or maintenance margin amount from time to time. Changes to limit of initial and/or maintenance margin amount are effective immediately upon either of: posting on the PFSP website or email or other written notice to Customer. The Customer agrees and undertakes to abide by such revision, and where there is an upward revision of such margin amount, the Customer agrees to make up the shortfall within such time as PFSP may permit, failing which the Customer shall be deemed to be in breach of this Agreement.
 - vi. The MTF shall be provided only in respect of such Shares as may be decided by PFSP from time to time.
 - vii. The Customer may furnish further Margin Amount from time to time for availing a higher MTF limit.
- f. Monitoring Customer's Positions:
- i. PFSP shall monitor (electronically or otherwise) and review on a continuous basis the Customer's positions with regard to the Margin Trading Facility.
 - ii. PFSP shall make a 'margin call' requiring the Customer to place such Margin Amount as may be specified by PFSP with a view to make up for the MTM Loss, if any, in accordance with SEBI requirements. For the avoidance of doubt, PFSP shall be deemed to have made a 'margin call' at the moment it displays Customer's margin requirements on the IB Trader Workstation.
 - iii. On receipt of 'margin call' intimation from PFSP, the Customer shall make good such deficiency by placing the further Margin Amount, within such time as is specified by SEBI, failing which the Customer shall be deemed to be in breach of this Agreement.
 - iv. Notwithstanding what is stated above, PFSP may immediately sell the Shares, in the circumstances specified by SEBI and for this purpose, the Customer does hereby expressly authorize such sale, and thereafter, the sale proceeds shall be treated in the manner specified above. PFSP may, in its sole discretion, determine which Shares is/are to be sold, and / or which contract(s) is/are to be closed.
 - v. The Customer agrees and understands that PFSP shall have full freedom and authority to vary, modify, revise the initial and maintenance margin amount, minimum transaction amount from time to time, subject to the SEBI requirements in this respect, and Customer agrees to abide by such variation, modification or revision.
- g. Pledge of Securities: Notwithstanding anything contained in

this Agreement, the Customer hereby pledges and shall have deemed to have pledged forthwith the Shares held in any form, at the time when received by PFSP, as security for repayment and settlement of amounts due to PFSP from the Customer under the Margin Trading Facility along with interest and other amounts payable thereunder. The Customer hereby records that the share certificates account statements or any other documents evidencing the right, title and interest of the Customer as the holder of the Securities shall remain deposited and shall be deemed to have been deposited by the Customer as having been deposited being marketable securities, for repayment of the amounts due under the Margin Trading Facility and this instrument accordingly shall be deemed to be connected with the mortgage of the marketable securities / Shares as contemplated by Section 24 of the Bombay Stamp Act, 1958/Section 23A of the Indian Stamp Act, 1899 or the corresponding/relevant provisions of the Stamp Act as in force in the relevant state in the territory of India.

- h. Breach of this Agreement. In the event of Customer committing any breach of any terms or condition of this Agreement, PFSP shall be entitled to terminate this Agreement forthwith. However, PFSP at its option may elect to give notice to the Customer of such duration, and extended from time to time, if so decided by PFSP, requiring the Customer to cure the breach.
- i. Termination & Expiry:
 - i. This Agreement shall stand terminated forthwith, as provided herein, or on the Customer failing to cure the breach within the time period as provided in the notice given thereunder.
 - ii. In the event of termination / determination of this Agreement, the Customer shall forthwith settle any amount due to PFSP. PFSP shall be entitled to immediately adjust the Margin Amount against the amount due from the Customer, and the Customer hereby authorizes PFSP to make such adjustment.
 - iii. After such adjustment, if any further amount is due from the Customer to PFSP, the Customer shall settle the same forthwith. Upon full settlement of all the dues of the Customer to PFSP, PFSP shall release the balance amount to the Customer.
 - iv. In the event of failure of the Customer to immediately settle the dues, PFSP shall be entitled to enforce its rights and shall be entitled to sell off Shares, and adjust/apply the net sale proceeds thereof in recovery of its dues.

The expression month and year shall be to the calendar month or calendar year

Reference to date or dates which do not fall on a working day, shall be construed as reference to the day or date falling on the immediately subsequent Working day

This Agreement shall automatically stand terminated, without any further act on the part of any party hereto, on and from the date of termination/determination of the Client Member Agreement executed between the parties hereto in respect of stock broking services provided / being provided by (BROKER) to the Client.

Client's Signature: **X** _____

Client Code: _____

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.
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 were 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 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 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.

Client's Signature: **X** _____

Client's Name: _____

Client Code: _____

CONSENT LETTER FOR OFFER OF COLLATERAL AS INITIAL DEPOSIT

Date: _____

To,
PINNACLE FOREX & SECURITIES PVT LTD
Office No. A-1307, O2 Commercial Bldg.,
Plot No.23-24, Nr. Minerva Industrial Estate,
Mulund (W), Mumbai 400 080.

Dear Sir,

I wish to offer following shares as listed below as collateral for Initial Margin for MTF facility.

Please transfer the same from my above demat account number to your above account

Sr. No.	Name of Company	ISIN	Quantity

Client's Signature: **X** _____

Client's Name: _____

Client Code: _____