

# MTF - Rights and Obligation Policy

SAMCO SECURITIES LIMITED

Version 1.1 - 01/07/2025

## **Eligibility and Authorisation**

Samco Securities Limited is eligible to provide Margin Trading Facility (MTF) in accordance with SEBI and Exchange guidelines as specified from time to time. Samco has obtained the requisite prior permission from BSE and NSE to extend MTF to its clients. It may be noted that the relevant Stock Exchange reserves the right to withdraw such permission at any time, and in such an event, the MTF arrangement between Samco and the client shall stand terminated accordingly.

Samco shall extend the MTF to the client on such terms and conditions as specified by the Stock Exchange and SEBI from time to time. Both Samco and the client shall abide by the requirements of the margin trading framework, including all rights and obligations as prescribed by the Stock Exchange, SEBI, and Samco. Samco shall intimate to the client all applicable terms and conditions, including maximum allowable exposure, specific stock exposures, and all rights and obligations, prior to the client availing MTF. Samco shall provide MTF only in respect of such securities as may be permitted by the Stock Exchange and SEBI from time to time.

## **Client Rights**

The client shall receive all communications in a mode mutually agreed between Samco and the client regarding confirmation of orders and trades, margin calls, and any decision to liquidate a position or security. The client shall be free to take delivery of the securities purchased under MTF at any time by repaying the amounts paid by Samco to the Exchange towards such securities, after clearing all dues. The client has the right to substitute or change the securities offered as collateral for the Margin Trading Facility at any time, provided the securities so offered are approved for margin trading by the Exchange and SEBI. The client may close or terminate the Margin Trading Account at any time, subject to the condition that all dues payable to Samco under the MTF have been settled in full.

## **Client Obligations**

The client shall, in writing or through any irrefutable electronic method, agree to avail of the Margin Trading Facility in accordance with the terms and conditions of MTF as offered by Samco, including the agreed mode of communication for order and trade confirmations, margin calls, and calls for liquidation of collateral, security, or position.

The client shall inform Samco of the intent to shift an identified transaction under the Margin Trading Facility within the timelines specified by Samco, failing which the transaction shall be treated under the normal trading facility.

The client shall place margin amounts as Samco may specify from time to time. On receipt of a margin call, the client shall make good the deficiency in the margin placed with Samco within such time as Samco may specify. By agreeing to avail the Margin Trading Facility, the client is deemed to have authorised Samco to retain and/or pledge the securities provided as collateral or purchased under the MTF, until all amounts due in respect of the said transactions, including dues to Samco, are paid in full by the client.

The client shall lodge any protest or disagreement with respect to any transaction done under the Margin Trading Facility within the timelines as mutually agreed between the client and Samco.

### **Margin Requirements**

Samco 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 any such revision, and where there is an upward revision of the margin amount, the client agrees to make up the shortfall within such time as Samco may permit. It may be noted that the initial and maintenance margins shall at no time be lower than that prescribed by the relevant Stock Exchange or SEBI.

Samco shall make a margin call requiring the client to place the additional or deficient margin; any such call shall clearly indicate the amount to be made good. The daily margin statements sent by Samco to the client shall separately identify the margin and collateral pertaining to the Margin Trading Facility.

### **Samco's Rights**

Samco and the client may agree between themselves on the terms and conditions, including commercial terms, before the commencement of MTF. Samco may set up its own risk management policy applicable to transactions done under the Margin Trading Facility and may amend the same at any time, provided that such amendments are duly communicated to all clients registered under the MTF before taking effect.

Samco has the right to retain and/or pledge the securities provided as collateral by the client or the securities purchased by the client under the Margin Trading Facility. Samco may liquidate such securities if the client fails to meet a margin call, in accordance with the mutually agreed liquidation terms, but not later than five working days from the date of the margin call.

Samco shall not use the funds of one client to provide MTF to another client, even if such use has been authorised by the first client.

### **Samco's Obligations**

Samco shall agree with the client on the terms and conditions before extending the Margin Trading Facility. For clients who already have an existing trading relationship with Samco and wish to avail of MTF, Samco shall obtain consent in writing or through any irrefutable electronic method after communicating the applicable terms and conditions to such clients. The terms and conditions of the Margin Trading Facility shall be identified separately in a distinct section where provided as part of the account opening agreement.

The mode of communication for order confirmations, margin calls, or liquidation of position or security shall be as agreed between Samco and the client and shall be in writing or through any irrefutable electronic method. Samco shall prescribe and communicate its margin policies on haircuts and VAR margins, subject to the minimum requirements specified by SEBI and the Stock Exchanges from time to time.

Samco shall monitor and review on a continuous basis the client's positions with regard to MTF and shall endeavour to set up an appropriate alert mechanism to notify clients of any possible breach of margin requirements.

Any transaction to be considered for exposure to MTF shall be determined as per Samco's policy, provided that such determination shall happen not later than T+1 day. If a transaction is entered under the margin trading account, the contract note shall serve as the confirmation that it is a margin trading transaction and no separate confirmation shall be issued. In cases where the determination happens after the issuance of the contract note, Samco shall issue appropriate records to communicate the change in status of the transaction from normal trading to margin trading, including the original contract number, the margin statement, and the changed data.

The time period for liquidation of a position or security shall be in accordance with Samco's declared policy, applicable consistently to all MTF clients, and shall not exceed five working trading days from the date of the margin call. Where securities are liquidated pursuant to a margin call, the contract note for such transactions shall carry an asterisk or identifier indicating that the transaction arose out of a margin call.

Margin Trading Accounts in which there have been no transactions for a period of ninety days shall be settled immediately. The stocks deposited as collateral with Samco for the purpose of availing the Margin Trading Facility (Collaterals) and the stocks purchased under the Margin Trading Facility (Funded Stocks) shall be identifiable separately at all times, and no commingling of the two shall be permitted for the purpose of computing the funding amount.

Samco shall close or terminate the MTF account of the client forthwith upon receipt of such a request, subject to the condition that the client has paid all dues under the Margin Trading Facility.

### **Investor Protection Fund**

The Investor Protection Fund (IPF) shall not be available for transactions executed on the Stock Exchange through MTF, in cases of any losses suffered by the client in connection with the MTF availed.

### **Termination of Relationship**

The margin trading arrangement between Samco and the client shall stand terminated if the Stock Exchange, for any reason, withdraws the MTF permission granted to Samco, or if Samco surrenders the facility, or if Samco ceases to be a member of the relevant Stock Exchange.

Samco may withdraw the MTF facility in the event of the client committing any breach of the terms and conditions of the MTF arrangement, or at any time after giving due intimation to the client, allowing the client sufficient time to liquidate the MTF position in accordance with the agreed liquidation terms, without being required to assign any reason. Similarly, the client may opt to terminate the MTF facility in the event of Samco committing any breach of the terms and conditions, or for any other reason.

In the event of termination of the MTF arrangement, the client shall forthwith settle all dues payable to Samco. Samco shall be entitled to immediately adjust the margin amount held against the dues of the client, and the client hereby authorises Samco to make such adjustment. If any further amount remains due from the client to Samco after such adjustment, the client shall settle the same forthwith. Upon full settlement of all dues, Samco shall release the balance amount to the client. If the client opts to terminate the MTF facility, Samco shall forthwith return to the client all collaterals provided and funded securities retained, on payment of all dues by the client.

### **Governing Framework**

The rights and obligations set out above shall be read in conjunction with the rights and obligations prescribed under SEBI Circular No. CIR/MIRSD/16/2011 dated August 22, 2011, and any other circulars, guidelines, or notifications issued by SEBI or the Stock Exchanges in relation to the Margin Trading Facility from time to time. Any changes to the rights and obligations as specified by SEBI or the Stock Exchanges shall be brought to the notice of the client, and such changes shall be deemed to have been incorporated herein accordingly.