



Margin Financing Agreement (MFA)

THIS AGREEMENT is made the ____ day of _____ 20__

BETWEEN

(A) **MRA Securities Limited** whose registered office is at Room 416,701,733,738-741 7th Floor, Stock Exchange Building, Pakistan Stock Exchange, Karachi (hereinafter referred to as "**TREC Holder**");

AND

(B) _____ the undersigned _____ client(s) whose name(s) _____, _____ Trading Account No _____ and CDC Sub-Account _____ (hereinafter referred to as the "**Client**").

Whereas

- The broker shall execute a margin agreement with a client who intends to obtain margin financing. Such agreement shall clearly specify that the client takes the all risk in context of MF Transactions.
- Margin Financing Agreement (MFA) shall be subject to the laws, Rules and Regulations of the Pakistan Stock Exchange (PSX), National Clearing Company of Pakistan (NCCPL), Securities (Leveraged Markets and Pledging) Rules, 2011 and pertinent rules and regulations of the Securities and Exchange Commission of Pakistan (SECP).

Margin Financing Terms & Conditions

1. Margin Financing (MF) only allowed in the MF Eligible Securities declared by the National Clearing Company of Pakistan (NCCPL) under NC Regulations 7B.3.1.1. Any additions and/or delete in the existing list by the NCCPL, TREC Holder will notify the client and after expiry of notice period, MF Positions in the outgoing securities shall be frozen and will be available only for the release for the purpose of settlement or squaring up.
2. Client shall contribute the higher of 15% or Var of MF Transactions value and remaining financing will be provided by the TREC holder.
3. The aggregate value of FAS and FPR shall always be higher of 25% or VaR Estimate of that particular MF Eligible Security. TREC holder shall decide the FPR and FAS Ratio for each MF eligible security in MF Module.
4. The maximum financing Participation Ratio (FPR) from client for each MF Transactions value shall be 25% or Var of MF Transactions value (whichever is higher). FPR shall be collected only in cash.

Or

5. The minimum Financing Participation Ratio (FPR) for each MF Transactions value shall be 10% of MF Transactions value out of 25% or Var (which is higher) and remaining financing shall be provided through the transfer of Financier's Acceptable Securities (FAS) in CDC Account of TREC holder in BLOCK status.
6. Client is allowed to take Margin Financing upto 2% of free float of MF eligible security on UIN basis.
7. The applicable markup rate on margin financing shall be determined by the TREC holder but such markup rate shall be capped at KIBOR (Prevailing at the close of immediately preceding day) plus 8% under NC regulations 7B.8.

8. Margin financing contract period shall be determined by the TREC holder and subject to deletion of MF eligible security from the list under NCCPL notice.
9. Applicable margins will be collected by clients until the settlement of MF (R) Transaction.
10. Mark to mark losses (MtM) shall be collected in form of cash only from the Client on day to day basis
11. Affirmed Margin Financed security shall be delivered to CDC Account of TREC Holder under BLOCK status after settlement of MF Transaction.
12. MF (R) Transaction shall be released on Net of Sale basis by the TREC Holder.
13. MR (R) Transaction Shall also be released without any sale transactions only on the settlement day of MF purchased.
14. All corporate entitlements and corporate actions of the Margin financed security shall be settled by the CDC
15. A limit of _____ of clients' networth at any time is assigned to client
16. In case of any default and/or dispute in respect of MF (R) Transactions and/or non-fulfillment of any margin call the Margin Financed Securities and/or financier acceptable securities of the defaulting Margin Financier shall be unblocked from the Blocked Status in the CDC account of such Margin Financier on the basis of initiation of such MF (R) Transactions and/or release of financier acceptable securities as the case may be by such Margin Financier. In such case, Margin Financier shall indemnify and hold the NCCPL harmless against any claims made by the Margin Financier on the ground that the Margin Financed Securities should not have been unblocked for any reason whatsoever.
17. TREC holder reserves the right to sale of MF securities. If the equity participation ratio in client Account falls below the maintenance margin requirements (Minimum equity participation Ratio).
18. TREC holder reserves the right to decline MF facility any time

Disclaimer:

1. All Margin Financing risk shall be tolerated by the Client.
2. Margin finance is a double-edged sword for client. It carries greater risks than trading in cash because it can augment client's loss, just as it can augment client's profit
3. Client may loss the entire aggregate value of FAS and FPR margin if Margin financed security falls to 25% or Var of MF Transactions value.
4. Client shall loss the aggregate value of FAS and FPR margin in case of default on margin call and MtM losses.
5. In case of any disaster and/or default of client on MF obligations, TREC holder reserves the right to recover the MF Transactions liabilities from the said client
6. TREC holder reserve the right to initiate the MF (R) transaction in case client fails to fulfill MF obligations

Undertaking:

I/we the Client(s) hereby acknowledge that I/we have read and understood and I/we hereby agree with all the terms and conditions of this Margin Financing Agreement (MFA) and risk associate with MF and, Accordingly, have signed I/we undertake to notify you of any material changes in my/our financial circumstances or investment objectives.

Date: _____