AGREEMENT FOR MARGIN FINANCING

THIS AGREEMENT is made at on the **………………**BETWEEN **M/s. BAWA SECURITIES (PVT) LTD** (hereinafter referred to as the "Margin Financier") having its offices at 432, 433, 4TH Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan, AND

___________________________________, (Client Name)

Bearing **CNIC/NICOP __________________________,**

Share Trading Account Number: ____________________

and CDC Sub Account No:____________________

an individual, resident of ____ (Hereinafter referred to as the "Margin Financee") for the administration of margin account for the purpose of Margin Financing.

WHEREAS

BAWA SECURITIES (PVT) LTD. at the request of the client has agreed to grant margin Financing facility to the Client from the day of this agreement for the purchase of securities as approved by the Commission for the purpose of Margin Financing subject to the provisions of Securities (Leveraged markets & Pledging) Rules, 2011 and the directions of the Commission, NCCPL (National Clearing Company of Pakistan Limited) and the Stock Exchange from time to time.

NOW THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO AGREE AS UNDER;

1. At the request of the Client, **BAWA SECURITIES (PVT) LTD** has approved a limit of **PAK RS _____________________ (Pak Rupees _____________________________________)** for the purpose of Margin Financing in approved securities by the Client. This limit is subject to the range specified by the Commission from time to time generally, any direction by NCCPL and Stock Exchange to reduce the outstanding position of the Client to a certain level within the time specified by NCCPL and the Stock Exchange, or any other action that the Stock Exchange and NCCPL may deem fit and proper in this regard. The above limit can be increased at the discretion of **BAWA SECURITIES (PVT) LTD**.

2. **BAWA SECURITIES (PVT) LTD**. has made its satisfaction that the Client is eligible to avail the Margin Financing facility.

3. The Margin Financing shall be carried out by the Client only in securities specified that are approved by the NCCPL and Stock Exchange from time to time. However, **BAWA SECURITIES (PVT) LTD**. in its sole discretion may disallow margin financing to any of its client(s) in any of the approved Securities, without assigning any reason(s).

4. The Client shall ensure that Financee Participation Ration (FPR) is always kept in his/its account against its margin financed exposure/trade value. FPR means the ratio between the minimum equity participation required to be paid by the Margin Financee for the purchase of each MF Eligible Security and the MF Transaction Value. For this purpose, the minimum equity participation ratio for each MF Transaction shall be …..% of MF Transaction Value or VAR Estimate of the relevant MF Eligible Security, whichever is higher. Further, every day the contract will be marked to market based on that day's closing VaR price. If the settlement price has moved against the Client, He/she/it will be required to deposit the amount of loss resulting from such movement so as to make sure that the equity participation ratio of 30% to 35% is maintained at all material times. These margins shall be paid before the commencement of next day's trading.

Authorized Person Client Signature

5. The FPR to be maintained by the Client in the margin account shall be in the form of cash only or any other margin eligible security that **BAWA SECURITIES (PVT) LTD**. may consider. However, **BAWA SECURITIES (PVT) LTD**. shall have absolute discretion in order to accept/reject portion of FPR in shape of margin eligible security, without assigning any reason(s).

6. Rollover charges will be levied for the unreleased period, when the scrip is released from Margin Finance based on share prices specified in the attached statements.
7. Corporate actions of the margin financed securities shall accrue to the client.

8. If the Client fails to deposit additional cash as a margin within one business day of the margin call, **BAWA SECURITIES (PVT) LTD**. shall have absolute discretion without any further notice to the Client to liquidate his / her margin account, including the securities deposited or purchased and carried in such account, to the extent that the margin is maintained at the required level. In such an event, BAWA SECURITIES (PVT) LTD. shall have the authority to use its discretion and on best effort basis shall sell or dispose off any or all the collateral securities in any lawful manner in order to meet the fixed margin requirements as may be specified from time to time.

9. The communication mode for margin calls shall be telephonic calls, e-mails and or postal mails at

   Mobile number: ________________________

   Email ID: ____

   Address: ____

   Respectively. The client hereby acknowledges that telephonic calls, e-mails and postal mails sent will be treated as the satisfactory mode of communication for the margin calls.

10. It is hereby distinctly understood that the grant of this Margin Financing facility by **BAWA SECURITIES (PVT) LTD**. to the Client is subject to the provisions of Securities (Levered Markets & Pledging) Rules, 2011 with such variations and modifications as may be made from time to time. The Client hereby undertakes that he/she/it has read, understood and agreed to abide by the provisions of the said Rules & Regulations. Further, all applicable procedures, prescribed documents, policies, notifications, etc. issued by the Stock Exchange and NCCPL in respect of Margin Financing shall also be binding on the Client. If any fine is imposed or other adverse action is taken by the Commission, Stock Exchange and or NCCPL against **BAWA SECURITIES (PVT) LTD**. due to non-compliance of any of the provisions of the said Rules and Regulations and / or any direction of the Commission, Stock Exchange and or NCCPL by the Client, the Client shall indemnify and keep indemnified **BAWA SECURITIES (PVT) LTD**, its directors and officers against all losses, costs, expenses, demands, proceedings, suits, damages, litigations and compensate **BAWA SECURITIES (PVT) LTD**. in all respect to the full extent.

11. The Client further represents that the funds being provided for Margin Financing are its own funds and not obtained or borrowed from any other person.

12. This Agreement is subject to the provisions of the Securities (Leveraged Markets & Pledging) Rules, 2011 and directions presently in force and as may be issued from time to time by the Commission, NCCPL and / or the Stock Exchange. These Rules & Regulations presently in force with such amendments as may be made in future along with the said directions shall be fully binding on both **BAWA SECURITIES (PVT) LTD**. and the Client and shall prevail over the terms of this Agreement in case of any conflict.

13. The tenure of this agreement shall continue until terminated by either party or by both the parties with mutual consent. Further, **BAWA SECURITIES (PVT) LTD**. reserves the right to terminate and or amend the agreement subject to one day's prior written notice, without assigning any reason thereof, whereas the client can terminate this agreement after ensuring all his/her transactions and his /her obligations towards **BAWA SECURITIES (PVT) lTD** have been dully settled. The rollover period of MF shall be decided by BAWA SECURITIES (PVT) at its discretion. Presently rollover period is …….. days.

14. **RISKS IN DERIVATIVE AND LEVERAGE PRODUCTS:** Derivative and leveraged trades enable the customer to take larger exposure with smaller amount of investment as margin. Such trades carry high level of risk and the customers should carefully consider whether the trading in the derivative and leveraged products is suitable for them, as it may not be suitable for all customers. The higher the degree of leverage, the greater the possibility of profit or loss it can generate in comparison with the investment involving full amount. Therefore, the customers should trade in the derivative and leveraged products in light of their experiences, objectives, financial resources and other relevant circumstances. Derivative product namely Deliverable Futures Contract, Cash Settled Futures Contract, Stock Index Futures Contract and Index Options Contracts and leveraged products namely Margin Trading System, Margin Financing and Securities Lending and Borrowing are available for trading at stock exchange. The customer transacting in the

derivative and leveraged markets needs to carefully review the agreement provided by the brokers and also thoroughly read and understand the specifications, terms and conditions which may include markup rate, risk disclosures etc.

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Authorized Person **Client Signature**

There are a number of additional risks that all customers need to consider while entering into derivative and leveraged market transactions. These risks include the following: The customer transacting in the derivative and leveraged markets needs to carefully review the agreement provided by the brokers and also thoroughly read and understand the specifications, terms and conditions which may include markup rate, risk disclosures etc. There are a number of additional risks that all customers need to consider while entering into derivative and leveraged market transactions. These risks include the following: **(a)** Trading in the derivative and leveraged markets involves risk and may result in potentially unlimited losses that are greater than the amount deposited with the broker. As with any high risk financial product, the customer should not risk any funds that the customer cannot afford to lose, such as retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from stud mortgages, or funds required to meet living expenses. **(b)** All derivative and leveraged trading involves risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads, may be as risky as outright long or short positions. Trading in equity futures contracts requires knowledge of both the securities and the futures markets. **(c)** The customer needs to be cautious of claims of large profits from trading in such products. Although the high degree of leverage can result in large and immediate gains, it can also result in large and immediate losses. **(d)** Because of the leverage involved and the nature of equity futures contract transactions, customer may feel the effects of his/her losses immediately. The amount of initial margin is small relative to the value of the futures contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds the customer has deposited or will have to deposit. This may work against customer as well as for him/her. Customer may sustain a total loss of initial margin funds and any additional funds deposited with the broker to maintain his/her position. If the market moves against his/her position or margin levels are increased, customer may be called upon to pay substantial additional funds on short notice to maintain his/her position. If the customer fails to comply with a request/call for additional funds within the time specified, his/her position may be liquidated/squared-up at a loss, and customer will be liable for the loss, if any, in his/her account. **(e)** The customer may find it difficult or impossible to liquidate / square-up a position due to certain market conditions. Generally, the customer enters into an offsetting transaction in order to liquidate/square-up apposition in a derivative or leverage contract or to limit the risk. If the customers cannot liquidate position, they may not be able to realize a gain in the value on position or prevent losses from increasing. This inability to liquidate could occur, for example, if trading is halted due to some emergency or unusual event in either the equity futures contract or the underlying security, no trading due to imposition of circuit breaker or system failure occurs on the part of exchange or at the broker carrying customers' position. Even if customers can liquidate position, they may be forced to do so at a price that involves a large loss. **(f)** Under certain market conditions, the prices of derivative contracts may not maintain their customary or anticipated relationships to the prices of the underlying security. These pricing disparities could occur, for example, when the market for the equity futures contract is illiquid, when the primary market for the underlying security is closed, or when the reporting of transactions in the underlying security has been delayed. **(g)** The customer may be required to settle certain futures contracts with physical delivery of the underlying security. If the customer hold position in a physically settled equity futures contract until the end of the last trading day prior to expiration, the customer shall be obligated to make or take delivery of the underlying securities, which could involve additional costs. The customer should carefully review the settlement and delivery conditions before entering into an equity futures contract. **(h)** Day trading strategies involving equity futures contracts and other products pose special risks. As with any financial product, customers who seek to purchase and sell the same equity futures in the course of a day to profit from intra-day price movements ("day traders") face a number of special risks, including substantial Commissions, exposure to leverage, and competition with professional traders. The customer should thoroughly understand these risks and have appropriate experience before engaging in day trading. The customer should obtain a clear explanation of all commission, fees and other charges for which he/she will be liable. These charges will affect net profit (if any) or increase loss.

IN WITNESS WHEREOF the parties hereto, have executed this Agreement on the date and year mentioned above.

Signature:

_____________________ ___________________________

Authorized Person **Client Signature**

BAWA SECURITIES (PVT) LTD **Client Name: ________________________**

WITNESSES:

SIGNATURE______________________	SIGNATURE________________________
NAME:___________________________	NAME: _____________________________
CNIC NO: _________________________	CNIC NO: ___________________________