

AGREEMENT FOR GRANTING OF CREDIT FACILITY BY ASSETLINE SECURITIES (PRIVATE) LIMITED

THIS AGREEMENT is made and entered into on this day of Two Thousand and(20.....).("Agreement")

Between

Assetline Securities (Private) Limited a Company duly incorporated in the Republic of Sri Lanka and re-registered under the Companies Act No. 7 of 2007 bearing Registration No. PV 3201 and having its registered office at No.75, Hyde Park Corner, Colombo 02 (hereinafter referred to as "the Company") which term shall as herein used where the context so requires mean and include the said Assetline Securities (Private) Limited (its successors and/or permitted assigns) of the One Part;

And

..... (N a t i o n a l I d e n t i t y C a r d N o) o fand bearing CDS Account number.....-VN-00 (hereinafter referred to as "the Client") which term shall as herein used where the context so requires mean and include the said (his/her/their heirs executors administrators and/or successors, permitted assigns) of the Other Part.

The Company and the Client are individually referred to herein as a "Party" and collectively as "Parties".

WHEREAS

- (A) The Company is licensed under the Securities and Exchange Commission ("SEC") of Sri Lanka Act No. 36 of 1987 as a stockbroker and is also a member of the Colombo Stock Exchange ("CSE") a body established under the SEC; and
- (B) The Company shall purchase and sell securities listed on the CSE for and on behalf of and on instructions received from the Client, and
- (C) The Client has requested the Company to make credit facilities available with regard to its purchases of securities listed on the CSE and the Company has agreed to provide the Client with such credit facilities; and
- (D) In terms of circulars issued by the SEC and the rules published by the CSE, a licensed stockbroker who proposes to extend credit to its clients is required to set out in a written agreement the entire agreement relating to the provisions and availing of credit facilities between the stockbroker and its client;
- (E) The Parties hereto shall enter into this Agreement to provide credit facilities to the Client subject to terms and conditions stipulated herein.

NOW THIS AGREEMENT THEREFORE WITNESSETH AS FOLLOWS:

A. CONDITIONS OF CREDIT

- 1. This credit facility shall be granted at the sole discretion of the Company. The Company shall refuse granting of credit to the Client without giving any reason whatsoever despite the existence of this Agreement.
- 2. The Company shall grant credit only in instances where the credit granted is secured by securities listed in the CSE. The Client hereby consents and pledges the securities available with the Company, as pre-requisite to seek credit facilities from the Company under this Agreement.
- 3. The Company shall not grant credit exceeding 50% or to the maximum limit stipulated by the rules of the CSE and/or SEC whichever is lower, of the market value of the Client's securities portfolio. In the event that the market value of the pledged securities falls below the credit facility granted hereunder, the Client shall make good such shortfall before the commencement of trading on the next market day. The "market value" shall mean the value of the listed securities pledged by the Client, marked to market at the end of each market day. The Company shall not grant credit exceeding the single Client limit as specified from time to time by the rules of the SEC and CSE.
- 4. If the Client fails to make good such shortfall by the commencement of trading of the next market day, the Company is entitled to sell the pledged securities and recover such shortfall, in terms of this Agreement.
- 5. The Client shall pay and settle the credit facilities provided by the Company within a reasonable time period or as and when so demanded by the Company.
- 6. The Company has the sole discretion in respect of the interest to be charged computed on a daily basis from the time of signing of this Agreement and any changes of it as applicable from time to time subject to the rules of the SEC and the CSE.
- 7. Notwithstanding 4 above, the Company shall have the absolute discretion to recover the total amount outstanding under this Agreement including the credit facility granted hereunder, the interest in respect thereof and any shortfall in market value as stated in clause 3 above, by the sale of the pledged securities portfolio after the stipulated settlement date as specified by the Stockbroker Rules 7.1.3 (4) of the CSE. The Company shall have the sole discretion to decide on the securities to be sold out of the pledged securities portfolio.
- 8. Until the credit facilities, interest and any amount due in respect thereof are paid and settled in full to the Company by the Client, the Company shall have a lien on the securities in terms hereof.
- 9. For the purpose hereof, the Client hereby irrevocably nominates, constitutes and appoints the Company as its lawful attorney to sell and convert into money the securities or any part thereof and to pay and settle all monies whatsoever due and outstanding to the Company with regard to the credit facilities, interest and amounts due to the Company under shortfall of market value thereon from and out of such monies.
- 10. The Client hereby undertakes not to create any mortgage, charge, lien and/or encumbrance over the securities ranking in priority to or *pari passu* to the securities or to give instructions to the CDS or to any third party to create any mortgage, charge, lien and/or encumbrance over the securities ranking in priority to or *pari passu* without the prior written consent of the Company.
- 11. The Client recognises the irrevocable right of the Company to sell the securities without prior notice to the Client and shall not take any action by seeking injunctive relief from a court of competent jurisdiction or otherwise to prevent the Company from exercising their right to sell the securities in terms of clauses 4 and 7 above
- 12. The Client is aware of the SEC and CSE rules and this Agreement may be amended, annulled as per the changes of the rules and regulations of the SEC and the CSE without prior notice or consent of the Client.

13. The Client is aware that the Company and the investment advisor earns a brokerage/commission from the transaction carried out in the Clients account.
14. The Client shall indemnify the Company in full and keep the Company indemnified at all times against any losses, expenses and liabilities that may be incurred by the Company arising out of a sale of pledged Securities.

B. DISCLOSURES

At any time during the continuance of this Agreement, it shall be mandatory that the Client make full disclosure to the Company of any restriction or such limitation, especially within the knowledge of the Client, to determine whether in the opinion of the Company the extent of the credit facility to be extended to the Client.

C. REPRESENTATIONS AND WARRANTIES

Each of the Parties represents and warrants that:

- 1 Parties have the legal right and authority to enter into and perform their respective obligations under this Agreement;
- 2 Parties have the financial capacity to undertake and perform their respective obligations under this Agreement;
- 3 No litigation, arbitration, dispute or legal proceedings have commenced or is pending or is reasonably probable and no judgment or award has been given or is pending which in any way prejudices or restricts the right, capacity or authority of the respective Parties hereto to perform its undertakings under this Agreement.

D. TERM

This Agreement shall be valid unless terminated for breach of any of the terms of the Agreement by the Client and /or subject to clause F below.

E. JURISDICTION AND LAWS

This Agreement shall be governed by the laws of Sri Lanka and subject to the jurisdiction of the Courts in Colombo.

F. AMENDMENTS AND CANCELLATION

Terms and conditions varying, adding to, subtracting from or canceling this Agreement shall not be effective unless reduced to writing and signed by or on behalf of the Parties, provided however, the Company reserves the right to terminate this Agreement upon giving the Client seven (07) days notice of termination at the discretion of the Company.

G. INTERPRETATION

Single Client in the context of natural person, means the Client his/her spouse, dependent children and any joint accounts where the Client is a joint holder.

H. NON ASSIGNABILITY

The Client shall not assign or attempt to assign any right or obligation under this Agreement to any other without the express prior written consent of the Company.

I. LANGUAGE

In the event of discrepancy the English Text shall prevail.

IN WITNESS WHEREOF the authorized signatories of the Company have set their hands hereunto and the said has placed his/her/their signature hereunto and to one other of the same tenor on thisday of Two Thousand (20...) in Battaramulla.

For and on Behalf of Assetline Securities (Private) Limited

.....
Authorised Signatory

.....
Authorised Signatory

Witness	National ID number	Signature
1.		
2.		

.....
The Client

Witness	National ID number	Signature
1.		
2.		