ARYATARA INVESTMENT & SECURITIES PVT. LTD (BROKER NO. 57)

COMPREHENSIVE MARGIN TRADING FACILITY GUIDELINE & OPERATIONAL MANUAL

> **Official Operational Guideline:** Prepared in accordance with the Margin Trading Facilitation Directive, 2082 issued by the Securities Board of Nepal (SEBON) and Nepal Stock Exchange (NEPSE). Includes both English and Nepali regulatory reference frameworks.

1. Introduction to Aryatara Margin Trading Facility

Aryatara Investment & Securities Pvt.Ltd. (Broker No. 57) is pleased to introduce its robust Margin Trading Facility, designed to empower investors by enhancing their purchasing power through secure securities leveraging. Under this facility, investors can purchase eligible securities by contributing minimum 30% of the investment amount as Initial Margin, while Aryatara Securities finances the remaining 70% as an upfront margin loan, subject to applicable regulatory guidelines.

Our facility offers flexible loan tenures of 1 month, 2 months, 3 months, 6 months (extendable up to 1 year based on institutional policy), highly competitive interest rates with volume/duration discounts, and transparent operational terms. This enables investors particularly those with short- to medium-term investment strategies to manage portfolios efficiently and capture lucrative capital market opportunities.

2. Key Parameters & Product Matrix

The standard financing structure operates on a 30:70 ratio where the client contributes 30% initial margin and Aryatara provides 70% loan financing. Below is the comprehensive product matrix detailing loan amounts, initial margins, and interest/service fee structures across various financing tiers up to NPR 2 Crore :

Facility Size	10 Lakh	25 Lakh	50 Lakh	1 Crore	2 Crore
Initial Margin (30%)	**3,00,000**	**7,50,000**	**15,00,000**	**30,00,000**	**60,00,000**
Margin Loan (70%)	**7,00,000**	**17,50,000**	**35,00,000**	**70,00,000**	**1,40,00,000**
1 Month Charge	**6,300**	**15,750**	**31,500**	**63,000**	**1,26,000**
2 Months	**12,600**	**31,500**	**63,000**	**1,26,000**	**252,000**
3 Months	**18,900**	**47,250**	**94,500**	**189,000**	**378,000**

3. Operational Scenario & Margin Dynamics

To ensure absolute clarity, the operational lifecycle of a margin account follows a rigorous regulatory framework:

- **Initial Capital Positioning:** The client deposits the 30% initial margin (e.g., NPR 3,00,000 for a 10 Lakh facility). Aryatara Securities provides the 70% loan (NPR 7,00,000), granting immediate trading power of NPR 10,00,000.
- **Maintenance Margin (20% Threshold):** Clients must maintain an equity buffer of at least 20% of the ongoing market value throughout the loan tenure. If market values decline, the equity ratio is recalculated as: (Remaining Client Margin / Current Market Value) × 100.
- **Margin Call Trigger:** If the equity ratio falls below 20% but remains above 15% (e.g., portfolio drops to NPR 9,00,000 resulting in a 22.22% ratio, or if further decline hits sub-20%), a Margin Call is issued via SMS, Email, or TMS Notification. Clients must deposit additional funds or pledge eligible securities before 11:00 AM of the immediate next trading day.
- **Forced Liquidation (Force Sell):** If the required margin is not restored within the deadline, or if equity plunges to 15% or below, Aryatara executes a forced sale of the margin-bought shares on a First-In, First-Out (FIFO) basis without further notice.

4. Portfolio Diversification & Investment Limits

In strict compliance with risk management guidelines, clients must adhere to the following diversification rules:

- **Single Script Limit (33% Rule):** Clients cannot invest more than 33% of their total approved margin limit in a single company's script. Portfolio diversification across at least three different scripts is strongly encouraged.
- **Correction Period:** If market price fluctuations cause a single script to exceed 33% of the portfolio value, the client must liquidate the excess portion within 3 trading days to restore compliance.

5. Application Process & Compliance Checklist

To establish a Margin Trading Facility with Aryatara Investments & Securities Pvt. Ltd. (Broker No. 57), clients must visit our Head Office or designated branches and fulfill the following requirements:

- **Account Setup:** Open dedicated Margin DEMAT and Margin Trading accounts.
- **Required Documentation:** Submit Margin Loan Application & updated KYC forms, valid Citizenship Certificate, National ID Card, PAN Card, 3 recent Passport-size photographs, and an official Credit Information Centre (CIC) clearance letter confirming non-blacklist status.
- **Regulatory Declarations:** Execute the Self-Declaration risk form and Cross-Broker declaration detailing margin utilization across institutions.
- **Legal Execution:** Formally sign the Margin Trading Facility Agreement, Loan Agreement, Margin Loan Deed, Promissory Note, and Power of Attorney (POA).

6. Corporate Actions, Contingencies & Special Provisions

- **Bonus Shares:** Automatically incorporated as security/collateral within the margin account, valued at prevailing market price post-book closure.
- **Rights Shares:** If rights issuance causes price adjustments leading to margin shortfalls, clients are notified at least 7 days prior to book closure to deposit additional funds or rights subscription amounts.
- **Script Removal:** If a held script is removed from the SEBON, NEPSE-eligible margin list, the client must settle the loan for that script or maintain a 100% margin (zero loans) within 30 trading days.
- **Blacklisting & Succession:** CIC blacklisting during tenure empowers the institution to execute forced sales. In the event of a client's death, liabilities transfer to legal heirs who must settle dues prior to security release.
- **Recovery Penalties:** If forced liquidation fails to cover outstanding loan balances, an additional penalty of up to 3% may be charged on the remaining deficit.

7. Portfolio Diversification and Investment Limits

To promote prudent risk management and maintain a well-diversified investment portfolio under the Margin Trading Facility, the following provisions shall apply:

(a) Single Script Investment Limit

To minimize investment risk, clients shall not invest the entire Margin Trading Facility in the securities of a single company. Clients are encouraged to diversify their investments by allocating their funds across at least three eligible securities. Portfolio diversification helps reduce concentration risk and supports more balanced investment management.

(b) Exceeding the Investment Limit Due to Market Fluctuations

If, due to changes in market prices, the value of a client's holding in a single security exceeds the prescribed investment limit, the client shall rebalance the portfolio by buying or selling securities within three (3) trading days from the date the limit is exceeded. This ensures that the portfolio remains in compliance with the prescribed diversification requirements.

8. Frequently Asked Questions (FAQs)

Q: What is Margin Trading Facility?

A: A service enabling investors to purchase shares by contributing only a 30% initial margin while Aryatara Securities finances the remaining 70% upfront.

Q: How does Broker Margin differ from Bank/FI Margin?

A: Banks require purchasing shares entirely with own funds first before pledging (up to 70% of 180-day average, whichever is lower). Brokers provide 70% upfront funding directly based on bill amount, enabling immediate execution.

Q: Who is eligible?

A: Adult Nepali citizens with active Margin DEMAT and Trading accounts who are not blacklisted by the Credit Information Centre (CIC). Minors are strictly ineligible.

Q: What is the interest rate and is it refundable?

A: The interest rate is 0.9% per month, payable upfront and strictly non-refundable upon early repayment or loan reduction.

Q: Can loans be repaid early or renewed?

A: Loans can be repaid partially or fully at any time. However, upon initial term expiry, full settlement is required, and renewals mandate a fresh application process.

Q: Which securities are eligible for purchase under the Margin Trading Facility?

A: Investors may purchase only those securities that are included in the list of margin-eligible companies approved by the Nepal Stock Exchange (NEPSE). The updated list of eligible securities is available on the NEPSE website: **https://nepalstock.com/margin-securities**

9. मार्जिन कारोबार सुविधासम्बन्धी मार्गदर्शन (Nepali Regulatory & Operational Guide)

परिचय:

आर्यतारा इन्भेस्टमेन्ट एण्ड सेक्युरिटिज प्रा. लि. (ब्रोकर नं. ५७) आफ्ना ग्राहकहरूका लागि मार्जिन कारोबार सुविधा उपलब्ध गराउन पाउँदा हर्षित छ। यो सुविधा लगानीकर्ताहरूलाई थप लगानी क्षमता प्राप्त गरी पूँजी बजारमा उपलब्ध अवसरहरूको अधिकतम उपयोग गर्न सक्षम बनाउने उद्देश्यले सुरु गरिएको हो। यस अन्तर्गत योग्य धितोपत्र खरिद गर्दा कुल लगानीको ३०% मात्र आफ्नै लगानी गरे पुग्छ भने बाँकी ७०% कम्पनीद्वारा कर्जा स्वरूप उपलब्ध गराउछौ ।

सुविधा सीमा	रु. १० लाख	रु. २५ लाख	रु. ५० लाख	रु. १ करोड	रु. २ करोड
प्रारम्भिक मार्जिन (३०%)	३,००,०००	७,५०,०००	१५,००,०००	३०,००,०००	६०,००,०००
मार्जिन ऋण (७०%)	७,००,०००	१७,५०,०००	३५,००,०००	७०,००,०००	१,४०,००,०००
१ महिनाको शुल्क	६,३००	१५,७५०	३१,५००	६३,०००	१,२६,०००
२ महिनाको शुल्क	१२,६००	३१,५००	६३,०००	१,२६,०००	२,५२,०००
३ महिनाको शुल्क	१८,९००	४७,२५०	९४,५००	१,८९,०००	३,७८,०००

प्रमुख मापदण्ड तथा शर्तहरू:

- अधिकतम कर्जा सीमा: रु. १० लाखदेखि रु. २ करोडसम्म
- उपलब्ध कर्जा अवधि: १ महिना, २ महिना , ६ महिना र बढीमा १ वर्ष
- ब्याजदर तथा सेवा शुल्क: प्रति महिना ०.९% (अग्रिम भुक्तानी गर्नुपर्ने तथा फिर्ता नहुने)
- प्रारम्भिक मार्जिन: ३०%
- न्यूनतम सम्भार मार्जिन (Maintenance Margin): २०%
- योग्य धितोपत्र: नेपाल स्टक एक्सचेन्ज (NEPSE) द्वारा मार्जिन कारोबारका लागि स्वीकृत सूचीकृत धितोपत्र।

मार्जिन कल (Margin Call) तथा फोर्स सेल (Force Sell):

शेयरको बजार मूल्यमा हुने गिरावटका कारण मार्जिन कारोबार सुविधा अन्तर्गत खरिद गरिएको शेयरमा आवश्यक पर्ने सम्भार मार्जिन कायम गर्ने दायित्व लगानीकर्ताको हुनेछ । लगानीकर्ताले सम्भार मार्जिन कायम गर्न नसकेको अवस्थामा कम्पनीले मार्जिन कल गर्नुपर्नेछ।

कारोबार अवधिभर सम्भार मार्जिन न्यूनतम २० प्रतिशत कायम हुन नसकेको खण्डमा कम्पनीले जुनसुकै बखतमा लगानीकर्तालाई मार्जिन कल गर्न सक्नेछ ।

कम्पनीले लगानीकर्तालाई मार्जिन कलका लागि निजहरूले उपलब्ध गराएका प्रचलित सूचनाका माध्यमहरू जस्तै फोन, इमेल, एसएमएस, "कारोबार प्रणालीमा (TMS) स्वचालित रूपमा आउने नोटिफिकेशन" लगायतका माध्यम मध्ये कुनै पनि एक माध्यमबाट मार्जिन कल गर्न सक्नेछ ।

मार्जिन कल जारी भएपछि ग्राहकले **अर्को कारोबार दिन बिहान ११:०० बजेसम्म** आवश्यक थप नगद रकम जम्मा गर्न वा स्वीकृत धितोपत्र थप गरी आवश्यक मार्जिन कायम गर्नुपर्नेछ। यस सम्बन्धी सूचना **फोन, SMS, Email वा TMS Notification** मार्फत उपलब्ध गराइनेछ।

यदि तोकिएको समयभित्र ग्राहकले **आवश्यक न्यूनतम १५मार्जिन कायम नगरेमा %** वा थप मार्जिन उपलब्ध नगराएमा, कम्पनीले पूर्वसूचना दिएर वा आवश्यक परे बिना अतिरिक्त सूचना पनि, बाँकी ऋण असुल गर्न आवश्यक परिमाणको धितोपत्र **अनिवार्य बिक्री)Force Sell)** गर्ने अधिकार राख्नेछ।

लगानी विविधीकरण तथा लगानी सीमा (Portfolio Diversification)

मार्जिन कारोबार अन्तर्गत जोखिम व्यवस्थापनलाई प्रभावकारी बनाउन तथा लगानीमा सन्तुलन कायम राख्न निम्न व्यवस्था लागू हुनेछ:

क) एउटै कम्पनीमा अधिकतम लगानी सीमा (Single Script Limit)

जोखिम न्यूनीकरणका लागि ग्राहकले आफ्नो उपलब्ध मार्जिन कारोबार सुविधाको सम्पूर्ण रकम एउटै कम्पनीको धितोपत्रमा लगानी गर्न पाउने छैनन्। ग्राहकले कम्तीमा तीन वा सोभन्दा बढी योग्य धितोपत्रहरूमा लगानी गरी आफ्नो पोर्टफोलियोलाई विविधीकरण गर्नुपर्नेछ। यसले लगानी जोखिम कम गर्न तथा सुरक्षित लगानी वातावरण सुनिश्चित गर्न सहयोग पुऱ्याउँछ।

(ख) बजार उतारचढावका कारण सीमा नाघेमा

बजार मूल्यमा हुने उतारचढावका कारण कुनै एक कम्पनीको धितोपत्रको हिस्सा तोकिएको लगानी सीमाभन्दा बढी हुन गएमा, ग्राहकले त्यस्तो अवस्था उत्पन्न भएको मितिले तीन (३) कारोबार दिनभित्र आवश्यक खरिद वा बिक्री गरी आफ्नो पोर्टफोलियोलाई पुनः निर्धारित सीमाभित्र ल्याउनुपर्नेछ।

आवश्यक कागजातहरू:

- **नागरिकता प्रमाणपत्र**
- **राष्ट्रिय परिचयपत्र**
- **स्थायी लेखा नम्बर (PAN) कार्ड**
- **हालसालै खिचेको पासपोर्ट साइजको फोटो (३ प्रति)**
- **क्रेडिट इन्फर्मेसन सेन्टर (CIC) को कालोसूचीमा नरहेको सिफारिस पत्र।**

नियामकीय घोषणा(Regulatory Declarations)

मार्जिन कारोबार सुविधा प्राप्त गर्न ग्राहकले प्रचलित कानुन तथा नियामकीय व्यवस्थाअनुसार आवश्यक घोषणापत्रहरू तथा प्रमाणहरू पेश गर्नुपर्नेछ। ग्राहकले निम्न घोषणाहरूमा सहमति जनाई हस्ताक्षर गर्नुपर्नेछः

- **स्व–घोषणा (Self-Declaration):** ग्राहकले मार्जिन कारोबारसँग सम्बन्धित सर्त, जोखिम, दायित्व तथा जिम्मेवारीहरू पूर्ण रूपमा अध्ययन गरी बुझेको र स्वीकार गरेको घोषणा।
- **क्रस–ब्रोकर घोषणा (Cross-Broker Declaration):** ग्राहकले अन्य कुनै धितोपत्र दलालमार्फत समान उद्देश्यका लागि मार्जिन कारोबार सुविधा उपयोग नगरेको वा नियामकीय प्रावधानअनुसार आवश्यक विवरण सत्यतथ्यका साथ खुलाएको घोषणा।

खाता सञ्चालन तथा कानुनी कागजातहरू(Account Opening and Legal Documentation)

मार्जिन कारोबार सुविधा सञ्चालनका लागि ग्राहकले आवश्यक खाता खोल्ने प्रक्रिया पूरा गर्नुका साथै निम्न कानुनी कागजातहरूमा हस्ताक्षर गर्नुपर्नेछः

- **मार्जिन डिम्याट खाता(Margin DEMAT Account)** खोल्नुपर्ने।
- **मार्जिन कारोबार खाता (Margin Trading Account)** सञ्चालनका लागि खोल्नुपर्ने।
- **कर्जा सम्झौता (Loan Agreement)** मा हस्ताक्षर गर्नुपर्ने।
- **मार्जिन कर्जा लिखत(Margin Loan Deed)** कार्यान्वयन गर्नुपर्ने।
- **प्रतिज्ञापत्र(Promissory Note)** मा हस्ताक्षर गर्नुपर्ने।
- **अख्तियारनामा (Power of Attorney - POA)** प्रदान गर्नुपर्ने।
- **व्यक्तिगत जवानी** -कम्तिमा एकजना**(Personal Guarantee**)

9. Final Disclaimer

This Margin Trading Facility Guideline has been prepared by Aryatara Investments & Securities Pvt.Ltd. (Broker No. 57) based on prevailing SEBON and NEPSE directives. Margin trading involves substantial market risk, including the potential loss of principal. Clients are advised to carefully evaluate their financial standing, read all legal agreements, and consult financial advisors before engaging in margin transactions