

# CREDIT AGREEMENT

**THIS AGREEMENT** is made on the date/s as herein after setout,

**BY AND BETWEEN “THE CLIENT”** who’s details are given in SCHEDULE 1 hereto which term and expression as herein used shall where the context so requires or admits mean and include the said **CLIENT** his/her/its executors and administrators successors and permitted Assigns of the FIRST PART

**ASIA SECURITIES (PRIVATE) LIMITED** a company registered under the Companies Act No.7 of 2007 bearing Companies Registration No. PV 1924 having its registered office at 4<sup>th</sup> Floor, Lee Hedges Tower, Galle Road, Colombo 3, in the Democratic Socialist Republic of Sri Lanka (hereinafter called **“ASC”** which term and expression as herein used shall include the said Asia Securities (Private) Limited) its successors and assigns of the OTHER PART

WHEREAS:

ASC is licensed by the SEC as a STOCKBROKER authorized to carry on the business of buying and selling securities on behalf of INVESTORS/CLIENTS in return for a commission; and is a Member of the Colombo Stock Exchange (CSE)

ASC in terms of Section 7 of the Stock Broker Rule of the CSE (the said Rules) is permitted to extend Credit to its CLIENTS for the sole purpose of purchasing securities traded on the CSE subject to the said Rules.

THE CLIENT being desirous of purchasing securities listed on the CSE has requested for credit facilities from ASC, on the terms and conditions hereinafter set out.

## **NOW THIS AGREEMENT WITNESSETH**

1. ASC hereby, agrees to grant Credit Facilities/acknowledge to having granted Credit Facilities, in a sum not exceeding Fifty percent (50%) of the Market Value of Securities lodged / as agreed to be lodged by THE CLIENT, on which Securities ASC shall have a lien/pledge which shall facilitate ASC to sell such Securities to recover for Credit Facilities extended to THE CLIENT in the event of non-settlement of the Credit Facilities extended by ASC to THE CLIENT as setout herein.
2. In consideration of ASC at the request of THE CLIENT at the discretion of ASC granting or agreeing to grant Credit Facilities, for so long as ASC may think fit, upto a sum not exceeding 50% of the Market Value of the Securities belonging to THE CLIENT (subject however to such facility may sometimes be in excess of 50%, of the Value of the Security due to falling of the Market Value of the securities) which are pledged and / or under lien to ASC (being Securities identified by ASC at its discretion for the purpose of arriving at such 50% Market Value), THE CLIENT hereby agrees covenants and undertakes that;
  - (a) THE CLIENT shall on demand pay to ASC all such sums of money which are now or shall from time to time be due or owing to ASC by THE CLIENT or which THE CLIENT may be or become liable to pay to ASC in any manner whatsoever and all other liabilities whether ascertained or contingent or for any payment credits or advances made to or for the use or accommodation of or on behalf of THE CLIENT together with in all cases aforesaid interest at rates determined by ASC and informed to THE CLIENT, plus any applicable government levies and taxes payable thereon or at such other rate or rates of interest as ASC may from time to time stipulate, and;
  - (b) THE CLIENT shall open and maintain an account with ASC (hereinafter referred to as “CDS ACCOUNT”) from which the Credit Facilities granted shall be operated and to

which shall be debited all costs of the purchases of Securities, interest, all government levies and taxes payable, commissions, charges, fees and all other monies payable by THE CLIENT arising from the Credit Facilities and to which shall be credited all proceeds of the sale of Securities in THE CLIENTS CDS Account whether arising out of Securities acquired under the Credit Facilities or with THE CLIENTS own funds and all dividends and interest (if any) paid on Securities under pledge/lien on in the manner hereinafter provided;

- (c) all transactions in securities made for or on behalf of THE CLIENT shall be subject to the relevant provisions of the rules and regulations, by-laws, customs and usages of the CSE and the SEC, as the case may be (collectively called the "Rules") and such Rules as they relate to trading and settlement shall be binding on ASC and THE CLIENT.
- (d) ASC is not acting as manager of THE CLIENT'S Securities in the CDS Account and that all instructions given to ASC shall be carried out as requested by THE CLIENT unless;
  - (i) the Credit extended to THE CLIENT exceed 50%of the Market Value of the Securities which are pledged by the CLIENT to secure the Credit;

For the purpose of this Rule "Market Value" is defined as the Market Value of the Securities pledged by THE CLIENT marked to market at the end of each Market Day and the Securities which would be subjected to such valuation shall be decided by ASC from time to time out its discretion.

- (ii) THE CLIENT shall meet a demand of ASC, to any short fall, as informed by ASC by the Market day immediately following the day on which such demand (either Oral or Written) is made if in the event of the "Market Value" as aforesaid of the pledged Securities has fallen below 25% of the value of THE CLIENTS Securities under lien.
  - (g) "ASC shall subject to clause (e) (ii), have the discretion to act within the scope of this Agreement, in order to secure the funds due to the Stock Broker without the consent or prior notice to THE CLIENT if ASC is unable to contact THE CLIENT".
- 3. ASC shall be entitled to assume that any instructions received by it from THE CLIENT (oral or written) are genuine and shall be under no obligation to make inquiries to ensure that instructions of THE CLIENT are in fact genuine and THE CLIENT hereby acknowledges that ASC shall not be responsible or liable for any withdrawal/debit or otherwise made by ASC pursuant to instructions received as aforesaid.
  - 4. Immediately upon the Facilities being granted, or at the time of signing of this Agreement ASC is hereby irrevocably authorized, delegated and granted by THE CLIENT the full complete and exclusive authority to deal with all Securities of THE CLIENT, deposited at the CDS in THE CLIENT'S CDS Account and subject as hereinafter provided, to all Securities under Lien deposited with ASC at all times whatsoever together with all dividends, interest, and all shares, bonds, securities (including the dividends and interest thereon) rights, moneys or property accruing or offered at any time by way of allotment, redemption, accretion, bonus, benefit, preference, option or otherwise as continuing security for the payment on demand to ASC of all Credit Facilities owing or remaining unpaid, notwithstanding the termination of this Agreement for any cause whatsoever.

5. THE CLIENT covenants with ASC to ensure that the Value of the Credit Facility availed by THE CLIENT shall not exceed 50% of the Market Value of the Securities under Lien (Subject to the Rules of the CSE/CDS)
6. It shall be lawful for ASC to immediately sell securities under lien/pledge should a demand to meet a Short fall as referred to herein is not be met by 10 a.m on the Market Day following the date of the making of a demand, shall have the right without any notice to or any consent from or concurrence by THE CLIENT to uplift or set-off any fixed deposit or cash deposited as collateral and to sell the Securities held, under lien pledge in the CDS Account of THE CLIENT in such manner and upon such terms and conditions generally as ASC shall think fit and pay the proceeds of such sale into CDS ACCOUNT in order to increase the Value of the security under lien as required herein.
7.
  - (a) ASC shall have the right at any time in its absolute discretion and without having to furnish any reason therefor to make a demand for the immediate settlement of amounts due to ASC.
  - (b) It shall be lawful for ASC at any time or times during the continuance of the security created herein, without any notice to or any consent from or concurrence by THE CLIENT to sell or realize the Securities under Lien in such manner and upon such terms and conditions as ASC shall think fit and to apply the net proceed of such sale in or towards the discharge of the Facilities or at ASC'S discretion hold them in suspense for whatever period ASC think necessary. ASC shall not be responsible for any loss from or through any brokers or others employed in the sale of the Securities under Lien or for any loss or depreciation in the value of any of such Securities under Lien arising from or through any cause whatsoever.
8. It is hereby expressly agreed and declared as by the Parties hereto that THE CLIENT is aware and appreciate fully, of the risks associated with Trading on credit, and specifically
  - (a) authorizes ASC to sell transfer or otherwise carry out any act in order to recover all dues arising from any purchases carried out by ASC on the instructions of THE CLIENT which remain unpaid. It is hereby agreed between THE CLIENT and ASC that payments received by ASC will be utilized to settle purchases made in the order it was carried out, unless otherwise agreed between ASC and THE CLIENT.

THE CLIENT shall indemnify ASC against all losses arising howsoever out of such unpaid purchases.
  - (b) THE CLIENT shall at all times indemnify and keep fully indemnified ASC and/or its nominees, agents and correspondents against any and all expenses liabilities claims and demands whatsoever in under or arising out of their holding of the Securities under Lien or any act done hereunder;
  - (c) ASC may at the expense of THE CLIENT seek the opinion or views of such professional advisers as ASC may select and may, but shall not be, required to act thereon and shall have no liability for any action taken or omitted pursuant thereto;
  - (d) THE CLIENT hereby acknowledges that the Securities under Lien are deposited with ASC at the risk of THE CLIENT and on the understanding that ASC shall not be liable for any loss or damage or whatsoever acts or things done or omitted to be done in respect of the Securities under Lien except arising from or occasioned by the direct negligence or wrongful act of ASC;
  - (e) ASC shall not recognize any trust or equity in respect of the Securities under Lien;
  - (f) ASC shall have the right at any time and from time to time to appoint a custodian, nominee, agent or any other person to enforce and/or perform and/or facilitate the performance of any or all its rights and obligations hereunder.

9. This security may be enforced by ASC at any time and shall not be determinable by the CLIENT except on the CLIENT making full payment for all outstanding liabilities or obligations to ASC.
10. The terms and conditions of this Agreement shall not be altered, amended or modified except in writing executed by or by an authorized representative of each party to the Agreement. If the parties are unable to reach an agreement on the alterations, amendments or modifications within fifteen (15) days of such alterations, amendments or modifications being notified by the party requesting for such alterations, amendments or modifications, this Agreement shall forthwith be terminated without prejudice to the rights of the parties arising from the termination or otherwise accruing under this Agreement.
11. This Agreement and the security hereunder shall be governed and construed in all respects in accordance with the laws of the Republic of Sri Lanka.
12. All disputes or differences of any kind whatsoever which may arise between ASC and/or the CLIENT as the case may be, in connection with or arising out of this Agreement and remaining unsettled for a period of thirty (30) days from the date of notification of such dispute shall be referred to arbitration by either party. The arbitration shall take place in accordance with the Rules of the Arbitration Centre of the Institute for the Development of Commercial law and Practice as at present in force. The number of arbitrators shall be limited to one and shall be appointed by agreement between the parties or failing agreement by the Chairman for the time being of the Ceylon Chamber of Commerce. The place of arbitration shall be Colombo and the language of the proceeding shall be English.

**IN WITNESS WHEREOF** THE CLIENT has placed her/his/its signature and ASIA SECURITIES (PVT) LTD has caused its authorised Representative to place his/her Signature/s hereunto at Colombo on the date specified herein.

**SCHEDULE 1**

**DATE** .....

**FULL NAME OF CLIENT** .....

**NIC/COMPANY REGISTRATION NO.** .....

**ADDRESS/REGISTERED ADDRESS:** .....

**CDS ACCOUNT  
DETAILS** .....

**SIGNATURE** .....

**ASIA SECURITIES (PVT) LTD -** .....

Witnesses

- 1.
- 2.