

CREDIT AGREEMENT

THIS AGREEMENT is made and entered in to at Colombo in the Democratic Socialist Republic of Sri Lanka on this day of..... (month)..... (year) by and between

NESTOR STOCK BROKERS (PRIVATE) LIMITED a Company duly incorporated in Sri Lanka under the Companies Act No. 07 of 2007 and having its principal place of business at No. 428, 2/1, R. A. De Mel Mawatha, Colombo 03, Sri Lanka (hereinafter called and referred to as the “Broker”) of the One Part

AND

.....(full name)holder of National Identity Card bearing Number.....of (Address) in the said Republic of Sri Lanka (hereinafter called and referred to as the “Client”) of the Other Part.

WHEREAS, the Broker is engaged, inter alia, in the business of stock broking services and is a Trading Member of Colombo Stock Exchange [the “CSE”]

AND WHEREAS, the Client maintains an account with the Central Depository System bearing No..... (Hereinafter sometimes called and referred as the “CDS Account”) through the Broker for Stock Broking Services and is desirous of obtaining a credit facility [the “Credit Facility”] from the Broker for the sole purpose of purchasing Securities traded on the CSE

AND WHEREAS, upon the request of the said Client the said Broker has agreed to provide a Credit Facility to the said Client for the purpose of purchasing Securities traded on the CSE subject to the terms and conditions hereinafter mentioned;

NOW THIS AGREEMENT WITNESSETH and the Parties hereto hereby agree as follows;

1. The Parties hereto agree that all transactions involving the purchase and sale of Securities carried out by the Broker on behalf of the Client shall be subject to the rules and regulations of the CSE, the Securities and Exchange Commission of Sri Lanka [the “SEC”] and other prevailing laws and regulations.
2. On the application of the Client, and subject always to the applicable rules and regulations of the CSE, the SEC and any other prevailing laws, rules or regulations and the terms and conditions hereinafter contained, the Broker hereby extends to the Client a Credit Facility for the sole purpose of enabling the Client to purchase, through the Broker, Securities traded on the CSE.
3. The Client agreed to repay such Credit Facility on demand together with interest at the rate of 20% per annum, or such other interest rate as may be charged by the Broker at its discretion with notice to the Client.
4. The Client hereby pledges his entire Securities portfolio, comprising of Securities held in the Client’s CDS Account, as collateral and security for the Credit Facility extended hereby [hereinafter referred to as the “Pledged Securities”].
5. It is expressly agreed and understood that the credit extended hereunder shall not exceed 50% of the Market Value of the Pledged Securities at any given time. Provided that this shall not obligate the Broker to extend credit up to 50% of the Market Value of the Pledged Securities. The Broker shall have the sole discretion to determine the credit limit applicable to the Credit Facility extended hereunder to the Client within the maximum limit allowed by the rules of the CSE and the provisions of this clause 5.
6. In the event the Market Value of the Pledged Securities falls by 25%, the Broker shall forthwith notify the Client to deposit moneys and/or Securities so as to meet the shortfall by the next market day so as to ensure that the credit extended to the Client remains within the limit allowed by Clause 5 above.
7. In the event the Client fails to meet the shortfall as required in terms of Clause 6 above, the Broker shall be entitled to forthwith sell any or all of the Pledged Securities so as to ensure compliance with clause 6 above.

8. The Credit Facility extended hereby shall be repayable on demand together with interest due thereon [whether or not the applicable credit limit has been exceeded]. In the event the Client fails or neglects to comply with any such demand, then, notwithstanding anything contained herein to the contrary the Broker shall be entitled to sell any or all of the Pledged Securities in order to recover the total monies due to the Broker on the Credit Facility at any time without further notice to the Client. The Broker shall, in such event, sell the Pledged Securities on a Last in First Out basis. It is expressly agreed and understood that the sale of the Pledged Securities shall be solely at the Client's risk and expense (including all brokerage, interest, stamp duty or any other charges in respect of the sale) and the Broker shall not be liable or responsible for any loss incurred by the Client as a result of such sale.
9. In the event the moneys realized from the sale of the Pledged Securities as per clause 8 above is inadequate to settle the total outstanding on the Credit Facility extended to the Buyer, the Client shall forthwith on demand pay the shortfall to the Broker
10. The said Broker shall have right to terminate this agreement at any time upon giving to the Client 30 days' notice without giving any reasons to the said Client. Upon such termination, any monies due and outstanding on the Credit Facility shall become immediately payable by the Buyer, and the provisions of clauses 8 and 9 shall, apply.
11. The said Client shall have right to terminate this agreement at any time by repaying to the Broker all moneys then due and outstanding on the Credit Facility extended to the Client [if any] together with all other sums as may be due at the time on account of brokerage, stamp duty, interest and other charges etc.
12. The said Broker reserves its right to vary the credit limit applicable to the Credit Facility from time to time at its sole discretion with notice to the Client. In the event the Broker reduces the limit of any Credit Facility hereunder the Client agrees to deposit moneys so as to make up the shortfall within such time as the Broker may permit, failing which the said Client shall be deemed to be in breach of this Credit Agreement and the Broker shall be entitled to demand repayment of the Facility and/or terminate this Credit Agreement and/or to sell the Pledged Securities so as to make up the shortfall or recover its dues.

Definitions & Interpretation

1. "Securities" means shares/stocks which are listed on the Colombo Stock Exchange.
2. "Market Value" shall mean the value of the listed securities marked to market at the end of each market day.

IN WITNESS WHEREOF, the said Broker has caused its Common seal and the said client has placed his/her signature to be affixed hereunto and one another on the date and place above written.

Signed by:

For and on behalf of:
NESTOR STOCK BROKERS (PRIVATE) LIMITED

In the presence of -
CLIENT

In the presence of -
Nestor Stock Brokers (Private) Limited

Witnesses:

1. Name :- NIC No. :- Signature :-
2. Name :- NIC No. :- Signature :-

SELF DECLARATION

(1) Monthly Disposable Income

<input type="checkbox"/> Upto Rs. 100,000	<input type="checkbox"/> Rs. 100,000 – 250,000
<input type="checkbox"/> Rs. 250,000 – 500,000	<input type="checkbox"/> Rs. 500,000 above

(2) Monthly Financial Obligation Rs.

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(3) Objective of Investments

<input type="checkbox"/> Capital Gain	<input type="checkbox"/> Dividend Income
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(4) Investment Strategy

<input type="checkbox"/> Short Term	<input type="checkbox"/> Long Term
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I hereby declare that the information given in this application is true and correct to the best of my knowledge. Further I assure that I have the capability of settling the transactions carried out behalf of my CDS Account No.

Client's Signature

Date