

Application Form-Requesting Credit Facility with CALS

General Information-Fields to be filled by Client –Principal Holder

Name of Principle Holder	
CDS Account Number	
Investment advisor	
Value of the portfolio (Rs)	
Requested credit amount (Rs)	

Other CDS accounts with CAL

Category-Individual	CDS Number	Category-Corporate	CDS Number
Spouse		Parent company/s	
Joint Account		Subsidiary Company/s	
Company/s			

.....

Signature

.....

Date

General Information-Fields to be filled by Client –Joint Holder

Name of Joint Holder	
Address	
Contact Number	

.....

Signature

.....

Date

Recommended by-Fields to be filled by Investment Advisor

Name of Investment advisor	
Recommended Credit Amount (Rs)	
Debit/Debtor balance as at date (if any) Rs	

.....

Signature

.....

Date

Authorization-Fields to be filled by CEO

Status	Approved	Rejected
Approved Credit Value (Rs)		

.....

Signature

.....

Date

CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made and entered into on thisday of..... 20..... between CAPITAL ALLIANCE SECURITIES (PRIVATE) LIMITED, a company duly incorporated under the laws of Sri Lanka, bearing registration no N(PVS) 47602 and having its registered office at Colombo (hereinafter referred to as the "Company" which term or expression shall as herein used where the context so requires or admits mean and include the said Capital Alliance Securities (Private) Limited, its successors and assigns), of the ONE PART

.....
....., bearer of national identity card noof
..... (herein after referred to as the "Client"), which
term or expression shall as herein used where the context so requires or admits mean and included the
said....., his heirs, executors and administrators of the OTHER PART

(hereinafter sometimes collectively referred to as the "Parties" and individually as the "Party".)

WHEREAS the Company is licensed under the Securities and Exchange Commission of Sri Lanka Act No 36 of 1987 as a stock broker and is also a trading member of the Colombo Stock Exchange ("CSE") a body established under the Securities and Exchange Commission of Sri Lanka Act No 36 of 1987, and

WHEREAS the Client is a client of the Company on whose instructions the Company purchases and sells securities listed on the CSE, and

WHEREAS the Client has requested the Company to make available credit facilities with regard to its purchases of securities listed on the CSE, and

WHEREAS the Company has agreed to provide to the Client such credit facilities subject to certain terms and conditions, and

WHEREAS in terms of the Securities and Exchange Commission of Sri Lanka and the rules promulgated by the CSE respectively, 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, and

WHEREAS the Parties are entering into this agreement in satisfaction of the aforesaid requirement.

NOW THIS AGREEMENT THEREFORE WITNESSETH AS FOLLOWS:

1. CREDIT FACILITY

- 1.1 The Company may at its discretion, pay and settle a part or all of the sums of monies due from the Client for and with regard to the purchase of securities listed on the CSE by the Company for and on behalf of the Client, including all government taxes and levies and other charges that may be payable in respect of the securities purchased on the CSE("credit facilities).
- 1.2 The quantum of the credit facilities to be provided by the Company and the specific purchases of securities listed on the CSE ("the Securities") in relation to which such credit facilities shall be provided shall be decided by the Company at its sole discretion in accordance with the applicable CSE member rules promulgated by the CSE, if any, from time to time.

2. OBLIGATIONS OF THE CLIENT

- 2.1 The Client shall pay and settle the credit facilities provided by the Company within the time period stipulated by the Company.
- 2.2 The Client shall pay interest in respect of the credit facilities provided by the Company, payable and outstanding by the Client to the Company at any given time. The rate of interest may vary from time to time at the discretion of the Company. The Company shall forward monthly statements to the Client by the Company setting out the credit facility together with the said interest thereon payable and outstanding by the Client.
- 2.3 The Client shall maintain a securities account at the Central Depository Systems (Private) Limited ("CDS") in its own name styled "....." and bearing no..... [the "CDS Account"].
- 2.4 The Client shall lodge the Securities in the CDS Account.
- 2.5 The Client shall accept and take up all rights that it may be entitled to including by way of a bonus or rights issue in respect of the Securities and to lodge the securities so obtained in the CDS Account. Such securities shall be deemed to fall within the definition of the term "Securities" for the purpose of clauses 2.4, 2.6, 2.7 and 2.8 hereof.
- 2.6 Until the credit facilities and interest in respect thereof are paid and settled in full to the Company by the Client, the Company shall have a first and paramount lien on the Securities and any other securities acquired by the Client from time to time and lodged in the CDS Account ["other securities"] for all amounts due and payable by the Client to the Company.
- 2.7 In the event that the Client fails to pay and settle the credit facilities and the interest in respect thereof, in a timely manner, the Company shall and is hereby authorised to sell the Securities and the other securities and recover all sums of money due and payable by the Client to the Company.
- 2.8 For the purpose thereof, the Client hereby irrevocably nominates, constitutes and appoints the Company as its lawful attorney to sell and convert into money the Securities and the other 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 and the interest payable thereon from and out of such monies.
- 2.9 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 lien that the Company has over 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* to that of the Company without the prior written consent of the Company.
- 2.10 The Client recognizes the irrevocable right of the Company to sell the Securities and the other securities without prior notice to the Client and shall not therefore, 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 and the other securities in terms of clauses 2.7 and 2.8 above.

- 2.11 Without prejudice to the Company's rights to sell the pledged securities on Client's failure to pay and settle credit facilities and interest in a timely manner, in the event the Market Value of the Securities pledged by the Client falls by or to levels stipulated by the CSE, the Company shall inform the Client to meet the shortfall by the next Market Day and in the event the Client fails to do so, the Company shall immediately sell the pledged securities in order to ensure compliance with the applicable rules and regulations. Market Value shall mean the value of the Securities pledged by the Client, marked to market at the end of each Market Day. For the purpose of notification under this Clause and notwithstanding the provisions of Clause 7, the Client agrees that notice in writing by facsimile/ email (with proof of successful transmission retained) or telephone to the numbers/addresses provided by the Client shall be deemed sufficient and adequate notice.
- 2.12 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 the Securities and/or the other securities.

3. REPRESENTATIONS AND WARRANTIES

3.1 The Company represents and warrants that:

- 1) it has full legal right, power and authority to enter into, execute and deliver this agreement and to undertake and perform the obligations set out herein;
- 2) this agreement has been duly and validly executed and delivered and constitutes a legal and binding obligation, enforceable against it, in accordance with the terms hereof;
- 3) neither the execution nor the delivery of this agreement by the Company nor the fulfillment nor compliance by the Company with the terms and conditions set out herein (i) shall conflict with or result in a breach of, term or condition or provision of, or constitute a default under or result in any violation of its Articles of Association or any agreement or arrangement to which the Company is a party or any laws, regulations or order to which the Company is or has been subject to, or (ii) require any consent, approval or other action by any court or administrative or governmental body including the Securities and Exchange Commission of Sri Lanka;
- 4) it shall in performing its obligations under this agreement, comply with all applicable laws, rules and regulations.

3.2 The Client represents and warrants that:

- 1) it has full legal right, power and authority to enter into, execute and deliver this agreement and to undertake and perform the obligations set out herein;
- 2) this agreement has been duly and validly executed and delivered and constitutes a legal and binding obligation, enforceable against it, in accordance with the terms hereof;
- 3) neither the execution nor the delivery of this agreement by the Company nor availing of the credit facilities, the fulfillment nor compliance by the Company with the terms and conditions set out herein (i) shall conflict with or result in a breach of, term or condition or provision of, or constitute a default under or result in any violation of its Articles of Association or any agreement or arrangement to which the Company is a party

or any laws, regulations or orders to which the Company is or has been subject to, or (ii) require any consent, approval or other action by any court or administrative or governmental body;

- 4) it shall in performing its obligations under this agreement, comply with all applicable laws, rules and regulations;

4. TERM

This Agreement shall commence on the..... day of..... 20..... and shall end on the date the Client's CDS Account mentioned in clause 2.3 is closed and all sums of money due and payable to the Company by the Client hereunder is settled in full.

5. MODIFICATIONS TO THE AGREEMENT

No agreement varying, adding to or deleting from or canceling this agreement shall be valid and affective unless it is reduced to writing and signed by both Parties hereto.

6. ENTIRE AGREEMENT

Save and except for the terms and conditions contained in the CDS account opening form attached hereto, this agreement cancels, supersedes and replaces any and all prior agreements between the parties hereto whether written or oral. This agreement constitutes the entire understanding between the parties hereto and shall not be modified, amended or varied except by a written document signed by the parties hereto. None of the parties hereto shall rely on any representations other than those expressly set forth in this agreement.

7. NOTICES

Any notice given hereunder shall be in writing by letter and shall be deemed to have been delivered or given in the case of hand delivered letter on delivery and in the case of a letter sent by registered post on the next day of delivery of mail after posting provided always that if the deemed delivery date is not on a normal business day at the address of the addressee then delivery shall be deemed to take place on the first normal business day then following the notice shall be given or made at the address of the addressee stated at the commencement of this Agreement or at such other address as such party shall have designated by notice in writing to the other party hereto.

8. 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.

9. ARBITRATION

Any doubt, difference, dispute, controversy or claim arising from, out of or in connection to with this Agreement or on the interpretation thereof or on the rights, duties, obligations or liabilities of any parties hereto or on the operation, breach, termination, thereof shall be settled by arbitration in accordance with the rules of the Arbitration Centre of the Institute for the Development of Commercial Law and Practice in Colombo, Sri Lanka, by a sole arbitrator.

IN WITNESS WHEREOF the authorised signatory of the Company has set his/her hand hereunto and has placed his/her signature hereunto and to one other of the same tenor at the respective places and dates hereinafter mentioned.

Signed for and on behalf of Capital Alliance Securities)
(Private) Limited by.....)
the authorised signatory, on the day of)
20..... at.....)

.....

Signature

Witnesses

1.
2.
.....)
..... has placed his/her)
signature on theday of20.....)
at.....)

.....

Signature

Witnesses

1.
2.