



MARGIN TRADING AGREEMENT

This Agreement (hereinafter referred to as “Agreement”) is entered on this _____ day of _____ 20____,

BETWEEN

Meristem Stockbrokers Limited a Company incorporated under the Companies and Allied Matters Act, LFN 2004, having its office at 124, Norman Williams Street, S/W Ikoyi, Lagos State, Nigeria (hereinafter referred to as “the Broker”, which expression shall, include its successors and assigns) of the One Part;

AND

The undersigned client(s) whose name(s) are as appeared on the signatory page of this agreement (hereinafter referred to as the “Client”, which expression shall include his/her/its heirs and/or legal representatives and/or successors and/or executors and/or permitted assignees and/or administrators and/or successors in business) of the Other Part.

WHEREAS:

- (a) The broker is engaged, inter alia, in the business of sale and purchase of securities and is a Trading Member of Nigerian Stock Exchange with License Number 084.
- (b) The broker provides Margin Trading to clients who have the requisite knowledge to own and operate a margin account.
- (c) The Client wishes to open a margin account with the broker.
- (d) Upon the request of the Client, the broker has agreed to open a margin account for the client subject to the terms and conditions contained in this Margin agreement.

NOW THIS AGREEMENT WITNESSES AS FOLLOWS:

1) DEFINITIONS & INTERPRETATIONS

1. “Client” means any person who opens a margin or brokerage account with the broker pursuant to this agreement.
2. “Debit Balance” (DB) means the amount owed by the client to the Broker. It changes with additional purchases or sales in the client’s margin account.
3. “Margin Equity” means the difference between the current market value of all securities in the margin account and the amount owed by the client to the broker in the margin account.
4. “Initial margin” means the minimum amount that the broker shall accept for purposes of opening and operating a margin account for the client.
5. “Portfolio Value” (PV) means the current market value of all securities in the margin account calculated on a daily basis.
6. “Maintenance margin” means the minimum amount of equity that must be maintained by a client in his/her margin account.
7. “Margin” means the amount loaned to the client by the broker for the purpose of trading securities.
8. “Margin Account” means the account maintained by the client with the broker which records transactions on margin trade.
9. “Margin Agreement” means this agreement that details the terms and conditions governing a Margin Account held with the broker by the client including the pledging of securities, the value of the equity the client must maintain in the margin account and the interest rate on margin loans.
10. “Margin Call” means a notice issued via email/in writing by the broker to the client requiring the client to provide additional deposit in order to maintain the margin.
11. “Margin Trading” means the buying and selling of securities by the client through margin financing or margin facility.
12. “Margin Facility” or Margin Trading Facility refers to the facility pursuant to which the transaction value due to the Stock Exchange, at the time of purchase of securities, shall be paid by the broker on behalf of the Client on Client’s request, on such terms and conditions as contained in this agreement.
13. “Mark to Market” or “MTM” means the daily calculation of gains and losses of purchase value to current value as a result of actual changes in the market prices of securities.

14. Contract note means a confirmation of trade(s) done on a particular day for and on behalf of a client.
15. Collateral Requirement means the amount payable to cover a margin call.
16. “Securities” means shares of listed companies deposited as margin and which are quoted on a Nigerian Stock Exchange.
17. “Marginable Share/s” means and refers to the shares / stock / securities eligible for margin trading facility approved by the broker from time to time for the purpose of granting Margin Facility.
18. “Stock Exchange” means the Nigerian Stock Exchange on which the shares have been purchased.
19. “Cash Account” is a type of brokerage account in which the investor must pay the full amount for securities purchased.
20. “CSCS Direct Cash Settlement” is a service rendered by CSCS where cash proceeds from trades executed by brokers on the Nigerian Stock Exchange (NSE) is remitted directly into investors’ nominated bank account by CSCS.

2. CLIENT REPRESENTATION:

The Client hereby undertakes to:

1. Place the initial margin amounts of 50% in cash or equity as the Broker may specify to the Client from time to time and is subject to requirements specified by SEC.
2. Maintain the maintenance margin amounts as the Broker may specify to the Client from time to time, subject to requirements specified by SEC.
3. Further to deposit of initial margin by the client the Client hereby authorizes the broker to settle his obligation to the Stock Exchange and make such payment and settlement on his behalf.
4. Authorize retention of the shares with the broker upon the receipt of the same in the settlement from the Stock exchange till the amount due in respect of the said transaction including the fees to the broker is paid in full by the client.

5. Pay to the broker – brokerage commission, fees, interest, transaction costs, stamp duty and other taxes / expenses as are prevailing from time to time and as they apply to the Client's account and transactions.
6. Pay to the broker Management fees of 2% on an annual basis, which sum shall be due on the 1st of January each year (due date) PROVIDED that where the client's subscription commences after the due date, the client shall pay a prorated amount of the Management fees.
7. Abide by any changes to the marginable securities as reviewed by the broker from time to time to reflect market realities. Where the client's stock is no longer on the marginable list, the client shall be required to either move the stock to his cash account and replace it with any marginable shares, within 5 working days of receipt of a notice from the broker or dispose of the stock .
8. Provide the initial margin from a source outside of his regular trading account. However, the client shall be permitted to fulfil a margin call by making transfers from his CSCS cash account.
9. Comply with the provisions of this agreement and any amendments thereto.

3. CLIENT'S WARRANTIES

The Client warrants, represents and assures the broker that:

1. He/she understands that when he trades on margin, he/she is borrowing money or securities from the broker. Hence while trading on margin may present a greater opportunity for profit, it also presents a higher risk and the possibility of greater losses than in transactions where the client does not operate a margin account.
2. He/she has carefully considered and agreed that margin trading is suitable and appropriate in the light of the client's financial resources, objectives and other relevant circumstances.
3. He/she shall duly observe and perform the conditions and obligations stated herein.
4. He/she understands that he cannot subscribe to the CSCS Direct Cash Settlement.
5. He/she understands that Securities in a margin account shall be held as collateral to support the purchases made on margin. The Broker shall have recourse to the Securities held in the

Margin Account as well as other Securities held in the cash account and other investments the client has with Meristem Stockbrokers Limited.

6. A customer can only transfer a margin account from one broker (resident firm) to another broker (target firm) with a written instruction provided all outstanding obligations have been fully discharged by the resident firm.
7. He has the necessary authority to enter into this agreement and observe and perform the obligations herein contained.
8. The client hereby warrants that he/she has never been convicted of a Capital Market offence in Nigeria.

4. BROKER'S REPRESENTATION

The broker represents that:

1. Under this agreement and with deposit of initial margin by the client, the broker undertakes to settle the obligation towards the Nigerian Stock Exchange for and on behalf of the Client. The Client hereby agrees and authorizes the broker to make such payment on his behalf.
2. A CSCS account to be used for the purpose of Margin Trading will be opened on behalf of the client with the address: P.O. Box 51585 Falomo, Ikoyi.
3. Meristem Stockbrokers Limited (the broker) office is open for business between the hours of 8 a.m. and 5 p.m. on each day that is designated a Business day in Nigeria. An early closure time will be communicated to the client.
4. While the client can readily execute mandates via the On-line stock broking portal which can be accessed via www.meritrade.com . Mandates can also be sent via e-mail to the dedicated e-mail address for mandates: contact@meristemng.com and via text message to our mandate line– 08076767606 or walk in to fill a BUY or SELL mandate form.
5. The broker will only execute transactions BUY or SELL on the floor of The Nigerian Stock Exchange where a mandate has been received through the channels mentioned in clause 4 above.

6. Mandates will be executed at the client's limit price or best market price at the time of execution on the floor of the Nigerian Stock exchange.
7. The broker will endeavor to execute all mandates; however, execution of mandates cannot be guaranteed as this largely depends on market conditions. It is therefore possible for a mandate not to be executed given the market dynamics even if the instruction received was to carry out the transaction at market price.
8. Buy mandates will only be executed if the clients' in-house account is funded and the available balance are sufficient to cover the cost of the transaction.
9. The proceeds from a sales mandate can be used in carrying out a buy mandate before settlement provided that the proceeds from the sale cover the cost of the buy mandate.
10. Clients will receive a contract note as soon as a transaction is executed on The Nigerian Stock Exchange. Clients will receive daily emails confirming the status of their open order(s).
11. It takes T+3 days for trades and funds to settle, hence withdrawal request can be made after the T+3 working days settlement period and all Margin obligation on the client's account fully fulfilled.
12. Proceeds from sales will only be transferred to clients after settlement of fees, charges, interest and all Margin facility obligations owed to the broker by the client is fulfilled. It should be noted that unless a withdrawal mandate is received from the client, the funds will remain in the client's non-interest-bearing stock broking account.
13. Mandates placed through the online portal are executed directly on the Nigerian Stock Exchange without any physical interference.
14. Cancellation of mandates can be executed via the online platform or by contacting any of our investment advisors via any of the channels earlier mentioned. Mandates can only be cancelled if they have not been executed and within the stated order term.
15. Request for withdrawal of funds or sales proceeds from the client's margin account can be made via the online portal, by sending a mail to contact@meristemng.com or via the SMS mandate line once a sell down has been carried out on the portfolio. Funds shall only be transferred to the account details provided to the broker in line with clients' account opening documentations or signed update form.

16. A request for withdrawal will be treated within 12hours. The broker shall not be held liable for delays experienced as a result of lapses or delays by any Bank(s) as regards client's withdrawal request.
17. The broker shall not execute or attend to withdrawal requests to third party accounts.
18. The broker shall not accept pre-signed blank mandate from any client and clients are hereby prohibited from depositing such mandates.
19. The broker can be contacted via email: contact@meristemng.com, telephone: +234-1-2717350-5.

5. Monitoring of Margin Account Transactions

Margin Credit Agreement:

1. The margin trading facility shall carry interest at % per annum which shall be paid by the client monthly. However, the interest payable shall accrue daily and shall be debited monthly or at the point of withdrawal on the client's margin account.
2. The interest to be paid by the client is subject to change and review by the broker in line with existing market realities which will be communicated to the client.
3. The Client shall be free to take the delivery of the Shares at any time by repaying the amounts that was paid by the broker to the Stock Exchange towards Shares, and further paying all such sums of money as may be due towards brokerage, transaction costs and charges, service tax and other costs towards his transactions. Alternatively, Client may at any time, but not before the delivery of the Shares has been actually received by the broker, choose to sell the Shares on the floor of the Stock Exchange by issuing appropriate instructions to the broker.
4. Upon receipt of sale proceeds from the Stock Exchange towards the sale of Shares, the broker shall, after deducting there from brokerage, fees, charges, levies, taxes, duties and other costs, charges and expenses, and further deducting amounts due to it from the Client on account of moneys paid by the broker on his behalf to the Stock Exchange at the time of purchase of Shares, effect the net payment to the Client.
5. The broker may, at its sole and absolute discretion, review the limit of initial and/or margin call amount from time to time. The Client agrees and undertakes to abide by such review, and where there is an upward review of such margin amount, he agrees to make up the

shortfall within such time as the broker may permit, failing which the Client shall be deemed to be in breach of this agreement.

6. The Margin trading facility shall be provided only in respect of such securities as may be earmarked by the broker from time to time
7. Securities purchased on margin shall establish a long margin account that will contain Portfolio Value (PV), Debit balance (DB) and Equity (EQ). Client must maintain a minimum equity of 40% of the PV of the margin account. This means that equity must not fall below 40% of the current market value of the securities in the account. Once the equity falls below 45% of the current market value of the securities in the account the client gets a “warning alert”. If the account equity falls below 40% of the PV then the account owner will be issued a “margin call”. The margin call will be issued for the difference between the approved margin equity level and the current equity level. When a margin call is made the call shall be fulfilled immediately by depositing cash or Marginable shares from a cash account to cover the call.
8. All Marginable securities shall have a loan value which is expected to cover all future lending against securities and represents the maximum percentage of a security’s current market value that a broker makes available to the client.
9. All margin accounts shall be operated in a manner that conforms to industry best practices and the rules and regulations of SEC regarding the broker to customer, and the CBN regarding the bank to broker or bank to individual sophisticated investors shall apply.
10. The Client may furnish further Margin Amount from time to time for availing higher MTF up to a limit of N3,000,000 for new clients and N5, 000,000 for existing clients. A higher limit is subject to approval by the broker and it is at its sole discretion.
11. The Client has a period of one trading day respond to the margin call.

6. MARGIN ACCOUNT STATEMENT

This shall contain all activities in a margin account and shall be available online for the client. The account statement shall include the following: Securities purchased, charged interest, portfolio value, debit balance, equity, Purchasing Power, margin calls the account has received within the period. The broker shall also send electronically from time to time an account statement containing the following:

- a. Trade date.
- b. Settlement date.
- c. Whether the transaction was a purchase or sale.
- d. Description of the Security.
- e. Amount of the Security.
- f. Execution price.
- h. The total amount due.

7. BREACH OF THIS AGREEMENT

In the event the Client breaches of any terms or condition of this agreement, the broker shall be entitled to terminate this agreement forthwith. However, the broker at its option may elect to give notice to the Client for a cure of the breach. The duration of the cure period may be extended at the sole discretion of the broker.

8. COMMENCEMENT AND TERMINATION

1. This Agreement shall commence upon the payment of the initial margin and shall be automatically renewed each year unless terminated by either party providing the other with at least 30 days' prior written notice.
2. Termination by reason of breach of terms shall occur where the defaulting party fails to remedy the breach within the timeline specified by the non-defaulting party on the notice of breach. This Agreement shall automatically stand terminated, without any further act on the part of any party hereto, on and from the date of termination.
3. In the event of termination/determination of this agreement, the Client shall forthwith settle all fees, interest, commissions and charges - due to the broker. The broker shall be entitled to immediately adjust the Margin Amount against such fees, commission and charges and the Client hereby authorizes the broker to make such adjustment.
4. After such adjustment, if any further amount is due from the Client to the broker, the Client shall settle the same forthwith. Upon full settlement of all the dues of the Client to the broker, the broker shall release the balance amount to the Client.

5. In the event of failure of the Client to settle the dues of the broker within seven (7) days, the broker shall be entitled to enforce its rights and shall sell down on the shares in the margin account, and adjust/apply the net sale proceeds thereof in recovery of its dues.

1. A margin account can be closed:

- a) upon notification of the death of a customer either by
 - i) Flagging the account to reflect the status or
 - ii) Canceling all open margin transaction;
- b) an order of court of competent jurisdiction adjudging the individual customer bankrupt or
- c) By an individual willingly closing a margin account provided all debit balances are paid.

9. TERMINATION BY DEATH

In the event of death of the client, this agreement shall be terminated, and the broker shall have the right to sell any or all securities in the accounts of the client with the broker, whether owned individually or jointly with others, in order to recover the margin facility offered to the client. Any such sales or purchases may be made at the broker's discretion on any exchange or other market where such business is usually transacted, and the broker may be the purchaser for its own account.

NOTICES & COMMUNICATIONS

Any notice or other communication to be given by one party to the other under or in connection with this Agreement shall be via email or in writing and shall be deemed duly served if delivered to the addressee at the address / number (if any), of that party set opposite its name below:

a) Notices / Communications to be sent to Meristem Brokers Limited. (the broker):

Address: 124, Norman Williams Street, S/W Ikoyi, Lagos State, Nigeria.

SMS: 08076767606

E-mail: contact@meristemng.com

Fax: _____

b) Notices / Communications to be sent to the Client:

Address: _____

SMS: _____

Email: _____

Fax: _____

10. WAIVER

Any of the terms and conditions of this Agreement may be waived at any time by the broker, but no such waiver shall affect or impair the right of the broker to require observance and performance of any other term or condition hereof and no waiver hereunder shall be considered valid unless made in writing and signed by the broker and no such waiver, or any failure or delay on the part of the broker to exercise any right, power or privilege hereunder shall be deemed a waiver of any subsequent breach of default nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege except the waiver is signed by the broker and client.

11. RISK DISCLOSURE STATEMENT

Risk of margin trading

1. The risk of loss in financing a transaction by deposit of Initial Margin is significant. The Client may sustain losses in excess of the Initial Margin.
2. The Client may be called upon on short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, the Client's Collateral may be liquidated without the Client's consent. Moreover, the Client will remain liable for any resulting deficit in the Margin Account and interest charged thereon. The Client should therefore carefully consider whether such a financing arrangement is suitable in light of the Client's own financial position and investment objectives.

12. CLIENT CONFIDENTIALITY

The broker hereby undertakes to maintain the details of the client as mentioned in the client registration form or any other information pertaining to the client, in confidence and that he shall not disclose the same to any person / entity except as required under the law.

Provided however, that the broker may share the details of the client as mentioned in the client registration form or any other information pertaining to the client with parties/entities other than those required under law with the express permission of the client.

13. ARBITRATION

1. All transactions done on the Stock Exchange, whether normal or through margin trading facility, shall be covered under the arbitration mechanism of the Stock Exchange.
2. It is expressly agreed between the parties herein above that legal proceedings with regard to any matter, claims, differences and disputes arising out of this agreement shall be referred to Arbitration in Nigeria.
3. Nigerian Laws shall govern this agreement and any dispute arising out of this agreement.

IN WITNESS WHEREOF the parties hereto have set their respective hands on the date above-mentioned.

THE COMMON SEAL of the within-named MERISTEM STOCKBROKERS LIMITED was hereunto affixed in the presence of:

.....

DIRECTOR

.....

SECRETARY

Name of account-holder/Corporate account holder: _____

Signature of account-holder: _____

Signature of Corporate Account

DIRECTOR

(Kindly insert seal)

DIRECTOR/SECRETARY

Dated this _____ day of _____ 20____