

**CREDIT EXTENTION AGREEMENT
(For Individual/Corporate Clients)**

THIS AGREEMENT made and entered into at Colombo in the Democratic Socialist Republic of Sri Lanka on thisday of.....Two Thousand and

BY AND BETWEEN

LOLC SECURITIES LIMITED a company duly incorporated under the laws of Sri Lanka and having it's registered office at No 100/1 Sri Jayawardenapura Mawatha Rajagiriya (hereinafter referred to as "Broker" which term as herein used where the context so requires mean and include the said LOLC SECURITIES LIMITED and its successors and permitted assigns) of the ONE PART

AND

.....of
..... (hereinafter referred to as "**the client**" which term shall as herein used where the context so requires mean and include the saidhis/her heirs executors, administrators and assigns or its successors and permitted assigns) of the OTHER PART.

And the term Broker, and the Client, herein mentioned are individually referred to as "**the party**" and collectively as "**the Parties**"

WHEREAS the client has requested the Broker for credit facilities to facilitate the purchase of listed securities by pledging as security all listed securities deposited in the name of the client in Account No. at the Central Depository Systems (Pvt) Limited.

AND WHEREAS the Broker has agreed with the client to provide such credit facility upon the terms and the conditions hereinafter mentioned and the client has agreed with the Broker to act in compliance with the said terms and conditions hereinafter mentioned and to enter into and execute these presents.

NOW KNOW YE AND THESE PRESENTS WITHESETH by and between the parties as follows -:

REPRESENTATIONS AND WARRANTIES

Broker and Client hereby represent and warrant that:

- a) The parties have full legal power and authority to enter into and perform obligations created by these presents.
- b) The parties have the financial capacity to undertake and perform obligations throughout the period created by these presents.
- c) No litigation, arbitration, dispute or legal proceedings are commenced and/or pending and/or threatened and no judgment or award has been given or pending which in any way prejudices or restricts the power and/or capacity and/or authority of the parties.

FACILITY

Credit to be extended as the client may from time to time require but nevertheless at such time or times and to such an extent only as the Broker may decide but so that the aggregate amount at any one time outstanding in respect of any such credit and advances shall not exceed fifty per centum (50%) of the market value of the securities pledged by the client with the Broker. The interest thereof to be computed at the maximum rate of naught decimal one per centum (0.1%) per day or such other rate or rates from time to time to be fixed or charged by the Colombo Stock Exchange and to be computed from the date or respective dates of such credit advances or payments till the date of settlement together with taxes, levies and other charges and upon such other terms and conditions hereafter mentioned, and as the Broker may at its absolute discretion think fit subject to the security herein provided.

SECURITY

Pledge on all the listed securities of the client in CDS Account No.

RESPONSIBILITES AND OBLIGATION OF EACH PARTY

CLIENT

1. The client hereby pledge the listed securities mentioned above with the Broker.
2. The client hereby undertake unto the Broker to pay the sum outstanding together with the interest, Government taxes and levies and any other charges and monies payable and arising from the said facility.
3. The client shall not without written consent of the Broker first had and obtained transfer, mortgage, assign the listed securities pledged or collect bonuses or rights issues directly.
4. The client hereby undertake unto the Broker that the client shall not without written consent of the Broker, authorize or direct instructions to the CDS and/or any other third party to transfer, mortgage, assign the listed securities or to collect bonus shares or right issue shares.
5. In the event the client defaults in the payment of the aforesaid credit facility the Broker shall have the irrevocable right, to sell the said listed securities pledged, as the Broker shall think fit at the prevailing market prices and out of the sales proceeds the Broker shall pay and reimburse all costs charges and expenses incurred or incidental thereto and then adjust the balance towards payment of liquidated damages and interest due on the said facility and repayment thereof in full and shall pay the surplus (if any) to the client
6. In the event of such sale of the listed securities the client hereby authorizes the Broker to deal and/or negotiate with the Brokers and/or institutions and/or individuals engages in the purchase or sale of any securities and the client shall ratify and endorse such acts by the Broker. The Broker shall not be liable for any loss to the client directly or indirectly resulting from any such act of commission or omission.
7. The client shall keep the Broker indemnified at all times against any losses, liabilities expenses and cost whatsoever incurred by the Broker as a result of any such transactions aforesaid.

BROKER

1. Broker shall grant credit only in instances where the credit is secured by listed securities and the sole discretion to grant or extend credit shall also be with the Broker
2. Broker shall not grant credit facilities exceeding fifty per centum (50%) of the market value of the client's pledge securities portfolio. In the event the outstanding balance exceeds fifty per centum (50%) of the market value of the securities pledged due to any reason, the client shall immediately pay the short falls or otherwise the Broker shall have the sole discretion to sell the securities pledged to meet the said short fall.
3. Broker shall be entitled to change interest rates as per the prevailing market rates and/or conditions.
4. The credit availability period will be determined at the sole discretion of the Broker and the Broker shall sell the pledged shares at prevailing market prices to recover its dues wherever necessary.

BROKER AND THE CLIENT

1. The terms and the conditions of this agreement shall not be altered, amended or modified except in writing executed by the duly authorized representatives of each party hereto;
2. No delay or omission on the part of any party in exercising any right, power or remedy provided by law or under this agreement shall impair such right, power or remedy, or operate as a waiver thereof;
3. This agreement shall be governed by and be subject to the applicable laws for the time being in force in the Democratic Socialist Republic of Sri Lanka

IN WITNESS WHEREOF the parties to this agreement have placed their respective hands hereunto and to one other on this day ofTwo Thousand and

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LOLC SECURITIES LIMITED
by its authorized officer

Client

WITNESSESS

- 1.
- 2.