

(To be executed on the stamp paper)

Clearing Member – Client (Custodial Participant) Agreement

This agreement is made on this _____ day of _____, between _____, having its registered office/ office/ residence at _____ registered as a Clearing Member (hereinafter called the Clearing Member) with India International Clearing Corporation (IFSC) Limited (hereinafter called “India ICC”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

AND

_____, having its registered office/ residence at _____ (hereinafter called “the Client”) which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns).

WITH

_____, having its registered office/ residence at _____ (hereinafter referred to as “Confirming Party”), which expression shall unless repugnant to the context or meaning thereof include its successors, legal representatives and permitted assigns as a Confirming Party.

WHEREAS

1. The Client M/s _____ desires to effect purchase or sale of securities at India International (IFSC) Exchange Limited (hereinafter referred to as “ India INX”), as may be mutually agreed between the parties through more than one trading members of India INX and clear and settle such trades through Clearing member [who, in turn, agreed to clear and settle the trades executed by the client through a trading member or trading members], subject to the provisions contained in the Rules, Bye Laws and Regulations of India INX / India ICC.
2. _____ is a Clearing Member of India ICC and is, inter alia, authorized to carry on the activities of clearing and settlement of deals, which are executed on India INX by the trading member [who has appointed the Clearing Member to clear and settle his deals] or on behalf of Clients [who have appointed the Clearing Member to clear and settle their deals].
3. The Client has approached the Clearing Member to undertake clearing & settlement of deals and to discharge his duties and obligations towards India ICC on his behalf and the Clearing Member, in turn, agreed to clear & settle the trades done by the Client through a trading member or trading members subject to the provisions contained in the Rules, Bye Laws and Regulations of India INX / India ICC and the terms and conditions contained herein.
4. Subject to the Rules, Bye-laws and Regulations of India INX / India ICC and requirements prescribed by IFSCA/India ICC/ India INX from time to time, the parties to this agreement are desirous of reducing the terms and conditions agreed, in writing, as contained herein:

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. At the request of the Client and in consideration of the Client agreeing to pay certain fees and charges mentioned herein and abide by the terms and conditions contained in this agreement, Rules, Bye-Laws and Regulations of India INX / India ICC, the Clearing Member hereby undertakes upon himself the obligations of clearing and settlement of the deals of the Client executed/done, through one or more trading members, on India INX and to do all the acts, deeds and activities arising from and/ or incidental to the clearing and settlement of such deals.

2. Rights of the Clearing Member

- (1) The Clearing Member shall be entitled to demand/ receive from the Client such deposits in such form as he may specify from time to time.
- (2) Without prejudice to the generality of the above, the Client shall place with the Clearing Member an amount of USD_____ as deposit which shall be maintained at any point of time. Subject to the provisions of Rules, Bye Laws and Regulations of India INX / India ICC, in case of any shortfall in such deposit, the Clearing Member shall be entitled to initiate any action necessary to protect his interests in this regard against the Client.
- (3) The Clearing Member shall be entitled to receive such fees, charges, or commission, in respect of various services which he renders or agrees to render to the Client, from the Client at such intervals as may be mutually agreed upon.
- (4) The Clearing Member shall specify, subject to the requirements prescribed by India ICC from time to time, the exposure limits upto which open positions can be taken by the Client. Such limits may be increased or reduced by the Clearing Member from time to time. The Clearing Member shall have the authority to initiate any action necessary to protect his interests in this regard, which may, inter alia, include restriction on further trading and closeout of open positions of the Client.
- (5) The Clearing Member shall be entitled to collect from the Client, margin(s) of such amounts of such kinds, as he may deem necessary, which at any point of time shall not be less than the amount stipulated by India ICC from time to time. The Clearing Member shall have authority to collect such additional margin(s) as the Clearing Member may deem necessary or as per the requirement of India ICC.
- (6) The Clearing Member shall be entitled to receive from the Client such amounts as may be required to be paid towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, as per the requirement of India ICC.
- (7) The Clearing Member shall have authority to close out/ liquidate the open positions of the Client in accordance with the Rules, Byelaws and Regulations of India INX / India ICC,

in the case of non-payment of dues by the Client towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contract, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, commission and/ or charges, by making necessary requests to India ICC / India INX for initiating such action. In such case, any loss arising due to the closing out of open positions of the Client shall be payable by the Client and will be recovered from the Client by the Clearing Member.

- (8) (a) For the purpose of close out of the open positions of the Clients under clause (7) above, the Clearing Member has entered into an arrangement with the Confirming Party who is admitted as a Trading Member of India INX in order to execute the trades to offset the open positions of the Client. The Client agrees to comply with the Know Your Client requirements and enter into a Trading Member-Client relationship with the Confirming Party in accordance with the conditions prescribed by India INX and subject to the Rules Bye laws and Regulations of India INX. The Client agrees to authorize the Confirming Party to act upon the instructions received from the Clearing Member to execute trades on India INX in order to close out open positions on behalf of the Client. The client agrees to be bound by such instructions issued by the Clearing Members to the Confirming Party.
- (8)(b) The Client has authorized the Confirming Party to act upon the instructions of the Clearing Member to close out its open positions vide its letter dated _____ and the Clearing Member acknowledges the receipt of the same.
- (8)(c) The Confirming Party agrees to execute the trades on behalf of the Client upon instructions from the Clearing Member for the purpose of sub- clause (a) and (b) above and has been joined as a confirming party to this Agreement only for the purpose of confirming the arrangement in clause 8 for closing out open positions of the Client.

3. Obligations of the Clearing Member

- (1) The money deposited by each Client shall be kept in a separate account by the Clearing Member, distinct from his own account and shall provide the details of margins collected for the trades executed by the Client, to India ICC as per the requirements of India ICC.
- (2) The Clearing Member shall inform the Client about the exposure limits (including any increase or reduction in such limits) upto which open positions can be taken by the Client.
- (3) The Clearing Member shall be liable to pay to the Client any amount becoming due and receivable by the Client towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the Rules, Bye-laws and Regulations of India INX/ India ICC.
- (4) The Clearing Member shall be required to refund any excess margin money to the Client as per mutual agreement.

- (5) The Clearing Member may settle the accounts on a periodical basis, if mutually agreed between the Clearing Member and the Client, which should be in accordance with the Rules, Byelaws & Regulations of India INX/ India ICC.
- (6) In the event of default by the Clearing Member or his being declared a defaulter by India INX/ India ICC, the amount paid by the Client and got deposited with India ICC shall remain safe and shall not be utilized to meet the Clearing Member's own liabilities and/ or the liabilities of his other Clients. In such cases, the Clearing Member shall render all assistance to the Client for transfer of Client's positions to some other Clearing Member, if such event occurs.
- (7) In the event of failure by the Clearing Member in the payment of any dues to the India ICC as well as the Client, the Client shall, with the prior approval of India ICC, have the right to transfer his own open positions immediately to another Clearing Member. The Clearing Member shall be obliged to pay to the Client for any costs incurred for transfer of the open positions, if such event occurs.
- (8) In case the Clearing Member is declared a defaulter by India ICC / India INX and the Client transfers his open positions to some other Clearing Member, the Clearing Member shall be obliged to pay for any costs incurred for transfer of the open positions.
- (9) The Clearing Member shall treat the information pertaining to the Client as confidential. The Clearing Member shall not disclose the same to any other person except to the governmental, statutory, regulatory or legal authorities on a request made by these authorities in writing.
- (10) If due to the default of the Clearing Member, the open positions of the Clients are closed-out and any loss is incurred due to such close-out, the Clearing Member shall reimburse such loss to all the Clients except to the Clients because of whom the Clearing Member has defaulted.
- (11) The Clearing Member shall be required to provide reports/ statements including those related to mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of options contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions to the Client, for such period as may be mutually agreed.

4. Rights of the Client

- (1) The Client shall be entitled to have all the deals, executed through any Trading Member or Trading Members on India INX, cleared and settled through the Clearing Member.
- (2) The Client shall be entitled to receive intimation from the Clearing Member about the exposure limits (including any increase or reduction in such limits) upto which open positions can be taken by the Client.
- (3) The Client shall be entitled to receive reports/ statements of mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option

contracts, exercise settlement of option contracts or such other settlement, margin amounts and open positions from the Clearing Member, for such period as may be mutually agreed.

- (4) The Client shall be entitled to receive from the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement.
- (5) In the event of the Clearing Member being declared a defaulter by India ICC, the Client, except the Client because of whom the Clearing Member has defaulted, shall be entitled to transfer his open positions to some other Clearing Member and recover any costs incurred for such transfers from the Clearing Member.
- (6) In the event of failure by the Clearing Member in the payment of any dues to India ICC as well as the Client, the Client shall, with the prior approval of India ICC/India INX have the right to transfer his own open positions immediately to another Clearing Member. The Client shall also have the right to recover from Clearing Member any costs incurred for transfer of the open positions.
- (7) In case the open positions of the Clients are closed-out due to the default of the Clearing Member, the Client, except the Clients because of whom the Clearing Member has defaulted, shall be entitled to recover such loss from the Clearing Member.

5. Obligations of the Client

- (1) The Client shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time.
- (2) Without prejudice to the generality of the above, the Client shall place with the Clearing Member an amount of USD____ as deposit which shall be maintained at any point of time. Subject to the provisions of Bye Laws, Rules and Regulations of the India INX/ India ICC, the Clearing Member shall be entitled to initiate any action necessary to protect his interest in this regard against the Client.
- (3) The Client shall pay to the Clearing Member such fees, charges, or commission in respect of various services which he renders or agrees to render to the Client at such intervals as may be mutually agreed upon by them.
- (4) The Client shall pay to the Clearing Member margins of such amounts as may be prescribed by India ICC from time to time including additional margins, if any or such higher amount of margins as may be mutually agreed with the Clearing Member. The margins shall be deposited by the Client within such time and in such form as may be specified by the Clearing Member.
- (5) The Client shall be liable to pay to the Clearing Member such amounts towards daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts and such other settlement as per the requirement of India ICC.

- (6) The accounts shall be settled on a periodical basis as may be mutually agreed between the Clearing Member and the Client.
- (7) The Client shall be obliged to reimburse to the Clearing Members any loss caused due to the closing out / liquidation of his open positions initiated by the Clearing Member, on account of non-payment of dues by the Client towards margins, additional margins, daily mark to market settlement of futures contracts, final settlement of futures contracts, premium settlement of option contracts, exercise settlement of option contracts or such other settlement, fees, charges, commission, penalties and expenses, any other sum as per the requirement of India ICC.
- (8) The Client shall do all such acts, deeds and activities that are necessary for the purpose of strict compliance with the Rules, Bye Laws & Regulations of India INX/ India ICC by the Clearing Member.
- (9) If due to the default of the Client, the open position of the Client is closed-out and any loss is incurred due to such closeout, the Client shall be liable to reimburse such loss to the Clearing Member.

6. Termination of the Agreement

The agreement entered into between the Clearing Member and the Client may be terminated by the parties by giving at least one month written notice to the other party or as may be mutually consented. Such cancellation or termination shall not have any effect on transactions executed before the time and date of termination and the parties shall enjoy the same rights and shall have same obligations in respect of such executed transactions.

7. Abiding by provisions prescribed by IFSCA, India ICC and India INX

The Clearing Member and the Client agrees to abide by Rules, Bye-laws and Regulations of India ICC, India INX and requirements prescribed by IFSCA, India ICC and India INX.

8. Notice

Any communication between the Clearing Member and the Client shall be made in any one or more of the following ways:

- (a) an electronic mail or fax
- (b) delivering it by post
- (c) sending it by registered post
- (d) sending it under certificate of posting
- (e) sending it by express delivery post / courier services.
- (f) affixing it on the door at the last known business or residential address
- (g) advertising it at least once in any prominent daily newspaper

8. Force Majeure

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused and/or contributed to by any event of force majeure. For purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of governmental, statutory, regulatory or legal authority and such other acts or events beyond the control of the non-performing party.

9. No assignment

Neither party shall be entitled to assign or otherwise transfer this agreement or any benefits, rights, obligations or interests herein whether in whole or in part to any other agency without the prior written consent of the other party.

10. Non-waiver

No forbearance, delay or indulgence by either party in enforcing the provisions of this Agreement shall prejudice or restrict the rights of that party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for either party is exclusive of any other right, power or remedy available to that party and each right, power or remedy shall be cumulative.

11. Arbitration

- (1) All disputes, differences or questions arising out of or in relation to the agreement including the interpretation of the terms contained herein with regard to the obligations, failure or breach thereof by any of the parties and/or of any matter whatsoever arising out of the Agreement, shall in the first instance be resolved mutually by the parties.
- (2) If the parties fail to resolve the same mutually, they shall avail the arbitration, mediation and other dispute resolution mechanisms offered by International Arbitration Centre Gujarat, India / arbitration facility provided by the Exchange / Clearing Corporation to resolve securities market-related dispute.

12. Jurisdiction

This agreement shall be subject to the exclusive jurisdiction of the courts in Gujarat.

IN WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

Signed for and on behalf of

CLEARING MEMBER :

By :

Signature :

Title :

Witness :

Signed for and on behalf of

CLIENT :

By :

Signature :

Title :

Witness :

CONFIRMING PARTY

By :

Signature :

Title :

Witness :