

¹MODEL BROKER DEALER-CLEARING MEMBER AGREEMENT FORMAT
[ON STAMP PAPER OF RS. 600]
(To be signed and stamped on all pages by designated directors)

*[**THE CLEARING MEMBER SHALL ENTER INTO A SEPARATE AGREEMENT WITH EACH OF THE BROKER DEALER ON WHOSE BEHALF HE WILL BE CLEARING TRADES**.]*

Agreement between BROKER DEALER AND CLEARING MEMBER

This agreement is made and executed at this day of 20... between:

M/s. _____, a company registered under the provisions of the Companies Act, 2013 (including any modification or re-enactment thereof), being a Broker Dealer of the India International Exchange (IFSC) Limited, having Broker Dealer Code _____ and registered as a Broker Dealer with IFSCA under Registration No. _____, having its registered office at _____ (hereinafter called “the Broker Dealer”) which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns of the **Other Part**

And

M/s. _____, a company registered under the provisions of the Companies Act, 2013 (including any modification or re-enactment thereof), being a Clearing Member of India International Clearing Corporation (IFSC) Limited, having Clearing Member Code _____ and registered as a Clearing Member with International Financial Services Centres Authority (“IFSCA”) under Registration No. _____, having its registered office at _____ (hereinafter called “the Clearing Member”) which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns of the **One Part** .

WHEREAS

- I. The Broker Dealer has requested the Clearing Member to clear and settle the Broker Dealer's deals executed on the trading system of the India International Exchange (IFSC) Limited (“Exchange”), and the Clearing Member has agreed to do so in accordance with the Rules, Bye-laws and Regulations of the Exchange/ India International Clearing Corporation (IFSC) Limited (“Clearing Corporation”), regulatory framework laid down by IFSCA and the terms and conditions contained in this Agreement;
- II. For the purpose of the arrangement as specified in clause (I) above, the Clearing Member and the Broker Dealer are required to enter into an agreement which clearly state the nature of the relationship between

¹ The Clearing Member and Broker Dealer may vary the terms and conditions of the Model Broker Dealer-Clearing member Agreement without diluting the principles enshrined in the Model Agreement.

the two and also should specify the duties, responsibilities, obligations and code of conduct of the concerned parties; and

III. The Clearing Member and Broker Dealer are accordingly executing this Agreement.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AND THE CLEARING MEMBER AND THE BROKER DEALER AGREE AS FOLLOWS:

(1) Deposit from Broker Dealer:

- (i) The Broker Dealer shall deposit and maintain on a continuing basis a minimum amount of Rs. _____ as an interest-free deposit with the Clearing Member. (***IF THE PARTIES AGREE TO AN INTEREST BEARING DEPOSIT THEN APPROPRIATE PROVISIONS SHOULD BE INSERTED FOR RATE OF INTEREST, INTEREST PAYMENT DATE, ETC.***)
- (ii) The Broker Dealer shall from time to time deposit with the Clearing Member such further amounts as may be required by the Clearing Member from time to time. (***PARTIES MAY INSERT TERMS OF SUCH FURTHER AMOUNTS. IF THE PARTIES AGREE TO AN INTEREST BEARING DEPOSIT THEN APPROPRIATE PROVISIONS SHOULD BE INSERTED FOR RATE OF INTEREST, INTEREST PAYMENT DATE, ETC. ELSE IT SHOULD BE STATED THAT THE DEPOSIT WOULD BE INTEREST FREE.***)
- (iii) In case of any failure or delay on the part of the Broker Dealer in payment of any deposit or if the Broker Dealer fails to maintain the minimum deposit mentioned above with the Clearing Member or in case of any shortfall in deposit, then the Clearing Member may prohibit/restrain the Broker Dealer from trading or creating any further positions till the failure has been rectified or may close-out all or any of the Broker Dealer 's positions to the extent deemed necessary by the Clearing Member or may exercise any other right or power which the Clearing Member may have under this Agreement or the Rules, Bye-laws and Regulations of the Exchange/Clearing Corporation.
- (iv) The Broker Dealer shall pay to the Clearing Member such deposits in such form as the Clearing Member may specify from time to time in order to ensure compliance with the Rules, Bye-laws and Regulations of the Exchange/ Clearing Corporation.

(2) Exposure limit:

- (i) The Broker Dealer shall have the following exposure limits:
(***VARIOUS EXPOSURE LIMITS TO BE INSERTED***)
- (ii) The Clearing Member may from time to time in its discretion unilaterally increase or decrease the Broker Dealer 's exposure limits, subject to the requirements prescribed by the IFSCA/Exchange/Clearing Corporation (“Relevant Authority”) from time to time.
- (iii) In case the Broker Dealer exceeds his prescribed exposure limit, the Clearing Member may, at the Clearing Member's option and discretion, require the Broker Dealer to forthwith deposit additional amounts with the Clearing member and/or reduce the Broker Dealer's exposure to limits acceptable to the Clearing Member by closing out the Broker Dealer's open positions and/or

may restrict, withdraw or disable the clearing and settlement facility provided to the Broker Dealer under prior intimation of at least 24 hours to the Exchange/Clearing Corporation and/or exercise any other right or power which the Clearing Member may have under this Agreement or the Rules, Bye-laws and Regulations of the Clearing Corporation/the Exchange.

(3) Fees:

- (i) The rate of fee to be charged by the Clearing Member to the Broker Dealer in respect of various services provided by the Clearing Member shall be as mutually agreed between the parties or as provided below:

Sr. No.	Nature of Service	% of Fees
1.		
2.		
3.		

The above mentioned rates shall not be varied save and except with the mutual consent of the Broker Dealer and the Clearing Member recorded in writing.

- (ii) The Clearing Member shall be entitled to receive such fees, charges, brokerage or commission in respect of various services which it /he renders or agrees to render to the Broker Dealer, from the Broker Dealer at such intervals as may be mutually agreed upon.

(4) Types of Services offered:

The Clearing Member shall provide the following services to the Broker Dealer: [****TO BE INSERTED BY MEMBERS. e.g. clearing and settlement service, advisory services, portfolio management services, etc.****]

- a. _____
- b. _____
- c. _____

(5) Payment of margins:

- (i) Subject to the requirements prescribed by the Relevant Authority, the Clearing Member shall collect margins from the Broker Dealer. However, if the Clearing Member finds it necessary, he shall be entitled to levy and collect additional margins from the Broker Dealer over and above those imposed by the Relevant Authority and the Broker Dealer shall be liable to pay the additional margins within the time stipulated by the Clearing Member.
- (ii) Clearing Member shall be entitled to collect from Broker Dealer margin(s) of such amounts in such manner, as it may deem necessary, which at any point of time shall not be less than the amount stipulated by Clearing Corporation from time to time.

- (iii) The Broker Dealer shall be entitled to collect margins from his Clients on a gross basis. The Broker Dealer hereby agrees to accurately and promptly report to the Clearing Member of all margins collected by the Broker Dealer and the identities of the Clients who have paid such margins. Any loss or damage caused to the Clearing Member on account of any misrepresentation or omission relating to the reporting of any margin or client identity by the Broker Dealer shall be reimbursed by the Broker Dealer to the Clearing Member. The Clearing Member shall ensure that the Broker Dealer collects the margins from it / his constituents on such basis as may be prescribed by Relevant Authority from time to time.

Liquidation/close-out of positions:

The Clearing Member shall be entitled to liquidate/close-out positions of the Broker Dealer for non-payment of margins, outstanding dues, exposure beyond limit specified or any other default on the part of the Broker Dealer.

Liability to reimburse losses:

The Broker Dealer shall be liable to forthwith reimburse to the Clearing Member any losses or financial charges arising from liquidation/close-out of positions, incurred by the Clearing Member.

Client Registration by the Broker Dealer:

The Broker Dealer shall comply with the provisions of the Rules, Bye-laws and Regulations of the Exchange and circulars/notices issued by IFSCA/the Exchange relating to Know Your Client / registration of Clients and Risk Disclosure Document. The Broker Dealer shall promptly provide to the Clearing Member such details and documents as the Clearing Member may from time to time require to satisfy itself that the Broker Dealer is in compliance with this clause.

Segregation of Client's money:

The Broker Dealer shall keep the money deposited by his Clients in a separate account, distinct from his own account and he shall provide the details and supporting evidence of the segregated accounts to the Clearing Member forthwith upon demand by the Clearing Member.

Client Identification:

The Broker Dealer shall allot each Client a distinct constituent code as required by the IFSCA/the Exchange from time to time. For the purpose of shifting of positions and safeguarding the money of Clients, the Broker Dealer agrees and undertakes to structure his Client's codes in such manner as the Clearing Member may from time to time require.

Default by Broker Dealer/Client:

In the event of a default of the Broker Dealer on his own account, the Client money shall remain safe and shall not be utilised to meet the Broker Dealer's liabilities. In such cases, the Client's positions shall be transferred by the Clearing Member to another Broker Dealer or closed out. In the event of a default due to failure of a specific Client to fulfil his obligation, the money of other

Clients shall remain safe and shall not be utilised to meet the obligation of the defaulting Client as set out in the Rules, Bye-laws and Regulations of the Clearing Corporation/the Exchange. The Broker Dealer hereby agrees and undertakes to do all things, which may be necessary in order to transfer his Client's positions to the Clearing Member or another Broker Dealer in the event of his default.

Default by Clearing Member:

In the event of default by the Clearing Member on his own account, the money of Broker Dealers except to the extent of liability due to the Clearing Member and Broker Dealers' Clients shall remain safe and shall not be utilised to meet the Clearing Member's liabilities. In such cases, the positions of the Clients and the Broker Dealers shall be transferable to some other Clearing Member or be closed out in accordance with the provisions of the Rules, Bye-laws and Regulations of Clearing Corporation/the Exchange. The Clearing Member hereby agrees and undertakes to do all things, which may be necessary in order to transfer his Broker Dealer's or Client's positions to another Clearing Member in the event of his default.

Loss on account of close out:

Any and all loss on account of close out of Client positions because of failure of the Clearing Member or the Broker Dealer shall be recovered from the Clearing or Broker Dealer respectively.

Intimation to Exchange and Clearing Corporation in cases of default of the Broker Dealer:

The Clearing Member shall immediately inform the Exchange and Clearing Corporation in case the Broker Dealer defaults in his payments or other obligations.

Arbitration:

In case of claims, difference or disputes between the Clearing Member and Broker Dealer, the Clearing Member or the Broker Dealer shall avail the arbitration, mediation and other dispute resolution mechanism offered by International Arbitration Centre situated in International Financial Service Centre, Gujarat, India / arbitration facility provided by the Exchange / Clearing Corporation.

Termination:

Subject to the Rules, Bye-laws and Regulations, this agreement may be terminated by either party by giving one month's notice to the other party. However such termination shall not affect the rights and obligations of a party hereunder in respect of any deals entered into prior to such termination and the parties shall enjoy the same rights and shall have same obligations in respect of such deals.

Force Majeure

No liability shall result to either party for delay in performance or non-performance of the obligations under the agreement caused 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.

Jurisdiction:

The agreement shall be subject to the exclusive jurisdiction of the courts which exercise jurisdiction over the International Financial Services Centre, Gujarat, India.

In addition to the specific rights set out in this Agreement, the parties hereto shall be entitled to exercise any other rights which they may have under the Rules, Bye-laws and Regulations of the Exchange/Clearing Corporation or circulars/notices issued by relevant authority.

Words and expressions which are used in this Agreement, but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules, Byelaws and Regulations of Exchange/Clearing Corporation.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on the date first above mentioned.

**Signature:
Member
Signed before:**

**Signature: Clearing
Broker Dealer
Signed before:**

Name of the Witness: _____ Name of the Witness: _____

Note:

- 1. All references to the specific quantity/rate/fee mentioned in this agreement are from time to time subject to change, as so agreed to in writing between parties.**
- 2. All references to deposit in this agreement shall be deemed to mean cash and deposit other than cash. In the event, deposit other than cash is taken, both parties are required to record the same in writing.**
- 3. The Clearing Member shall enter into an Agreement with each of the Broker Dealer on whose behalf he will be clearing and settling the trades.**