

Agreement Between A Participant And A Clearing Member.

This Agreement made and entered into at _____ this _____ day of _____, between **Stock Holding Corporation of India Limited**, (*description of the legal entity*) having its registered office at 301, Centre Point, Dr. Babasaheb Ambedkar Road, Parel, Mumbai – 400012. hereinafter called “**the Participant**” of the One Part; AND _____, (*description of the legal entity*) having his/its office/registered office at _____ hereinafter called “**the Clearing Member**” of the Other Part.

WHEREAS the Participant has been granted a certificate of registration bearing number **IN-DP-CDSL-01-99** dated **March 12, 1999** by the Securities and Exchange Board of India (SEBI) as a participant under section 12 (1A) of the Securities and Exchange Board of India Act, 1992 read with Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and has been admitted by **Central Depository Services (India) Limited** (hereinafter called “**CDS**”) as a participant.

AND WHEREAS CDS has established an interface with _____ (hereinafter called “**the Clearing Corporation**”) for establishing a mechanism for settlement of trades effected by its clearing members in respect of securities held in dematerialised form.

AND WHEREAS for the purposes aforesaid, the Clearing Member is required to open two separate special accounts in its name with a Participant being CM Principal Account and CM Unified Settlement Account as defined in the Bye Laws of CDS.

AND WHEREAS the Clearing Member has furnished to the Participant an application in the specified form requesting the Participant to open the said two accounts in the name of the Clearing Member with the Participant, which the Participant has agreed to do on the terms and conditions set out hereinbelow.

NOW THEREFORE in consideration of the Participant having agreed to open the said two special accounts namely CM Principal Account and CM Unified Settlement Account (hereinafter collectively called “**the special accounts**”) in the name of the Clearing Member and render services to the Clearing Member as a participant, the parties hereto do hereby agree and covenant with each other as follows :

1. General Clauses

- 1.1. Words and expressions used but not defined in this Agreement but defined under the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 or the Bye Laws of CDS shall have the meaning assigned to them under the aforesaid Acts, Regulations or Bye Laws as the case may be.
- 1.2. Unless otherwise warranted by the context or meaning thereof, the words or expressions “Beneficial Owner”, “Issuer”, “Participant” and “RTA” used herein shall mean a Beneficial Owner, Issuer, Participant, and Registrar to an Issue or Share Transfer Agent (as the case may be) respectively in relation to CDS and

the terms “Act”, “Regulations”, “Bye Laws” and “Operating Instructions” shall mean “The Depositories Act, 1996”, “The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996”, the Bye Laws of CDS and the Operating Instructions issued by CDS respectively.

- 1.3. The parties hereto shall be bound by the Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and agree to abide by the Bye Laws and Operating Instructions issued from time to time by CDS in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.
- 1.4. The Participant and the Clearing Member shall continue to be bound by the Bye Laws and Operating Instructions even after ceasing to be a participant or a clearing member respectively in so far as may be necessary for completion of or compliance with their obligations in respect of all matters, entries or transactions which the Participant may have carried out, executed, entered into, undertaken or may have been required to do, before ceasing to be a participant or a clearing member and which may have remained outstanding, incomplete or pending at the time of his/its ceasing to be a participant or a clearing member.

2. Fees, Charges and Deposits

- 2.1. The Clearing Member shall pay such fees, charges and deposits to the Participant as may be mutually agreed upon, for the purpose of opening and maintaining of the said accounts, for carrying out the instructions and for rendering such other services as are incidental or consequential to the operation of the said accounts as may be mutually agreed upon by the Participant and the Clearing Member. The Participant shall be entitled to change or revise the said fees, charges or deposits from time to time provided however that no increase therein shall be effected by the Participant, unless the Participant shall have given at least one month's notice in writing to the Clearing Member in that behalf.
- 2.2. The Clearing Member further agrees that in the event of the Clearing Member committing a default in the payment of any of the amount payable to the Participant by way of fees, charges or otherwise on their respective due dates or within fifteen days of the same being demanded (where no such due date is specified) then, without prejudice to the right of the Participant to terminate this Agreement and close the account of the Clearing Member, the Participant shall be entitled to charge interest on the amount remaining outstanding or unpaid at the rate of 2 % per month or part thereof.

3. Unique Identification Number

- 3.1. The Clearing Corporation shall in consultation with CDS, allocate a unique identification number to the Clearing Member (Clearing Member ID).

4. Responsibilities of the Clearing Member

- 4.1. The Clearing Member shall be responsible for :
 - 4.1.1. the veracity of all statements and particulars set out in the account opening form, supporting or accompanying documents and this Agreement;
 - 4.1.2. the authenticity and genuineness of any documents submitted to the Participant along with or in support of the account opening form or subsequently;

- 4.1.3. ensuring at all times that the securities to the credit of his special account are sufficient to meet the instructions issued to the Participant for effecting any transaction;
- 4.1.4. informing the Participant at the earliest of any changes in the particulars set out in the application form submitted to the Participant at the time of opening of the account or furnished to the Participant from time to time such as address, bank details, status, authorisations, mandates, nomination, signature, etc.

5. Accounts to be opened by the Clearing Member

- 5.1. The Clearing Member shall open the said two separate special accounts with the Participant for the purpose of settlement of trades through the Clearing Corporation, namely:
 - 5.1.1. **CM Principal Account**, being an account opened and maintained by the Clearing Member in his own name as a Beneficial Owner with CDS through the Participant for the purpose of holding therein securities received by him from the Clearing Corporation under any given settlement.
 - 5.1.2. **CM Unified Settlement Account**, also known as CM Pool Account, being an account opened and maintained by a Clearing Member in his own name with CDS through the Participant for the limited purpose of temporarily holding therein securities in dematerialised form in this account received by him from the Clearing Corporation against the delivery due in physical form under any given unified settlement,
- 5.2. both the above special accounts shall be operated in the manner set out in the Bye Laws.
- 5.3. The Clearing Member shall be solely responsible for the instructions issued to the Participant for credit of any securities into the CM Principal Account and/or the CM Unified Settlement Account . The Clearing Member shall avail of all corporate benefits that may accrue in respect of securities held in CM Principal Account and/or CM Unified Settlement Account and shall hold the same in trust for the benefit of the Beneficial Owner ultimately entitled to those securities. The Clearing Member shall be responsible and liable to compensate the Beneficial Owner ultimately entitled to those securities for any negligence, error or omission in availing or holding such corporate benefits for the benefit of such Beneficial Owner.

6. Participant to open separate account for each Clearing Member

- 6.1. The Participant shall maintain separate special accounts for each clearing member and ensure that the securities of the Clearing Member are not mixed with the securities of any other clearing member or those of the Participant.

7. Participant to act only on instructions of the Clearing Member

- 7.1. The Participant shall act only on the instruction or mandate of the Clearing Member or that of such person/s as may have been duly authorised by the Clearing Member in that behalf in the manner provided by CDS.
- 7.2. The Participant shall not effect any debit or credit to and from the special accounts of the Clearing Member without appropriate instructions from the Clearing Member or CDS.
- 7.3. The Participant shall maintain adequate audit trail of the execution of the instructions of the Clearing Member.

8. Pledge / Hypothecation

- 8.1. The Clearing Member shall not be entitled to pledge, hypothecate, charge, mortgage or otherwise encumber the securities held in his special accounts with the Participant.

9. Freezing and Defreezing of the Clearing Member's Account

- 9.1. The Clearing Member may at any time exercise his right to freeze his special account/s with the Participant so as to freeze all operations in respect of such securities held in his special account with the Participant for such period as the Clearing Member may specify. The Participant shall indemnify and keep indemnified the Clearing Member from any harm, loss, damage or injury that the Clearing Member may suffer or incur by reason of the Participant's failure to freeze the Clearing Member's account within such time from the receipt of valid instructions in that behalf and in such manner as may be specified by the Bye Laws and Operating Instructions.
- 9.2. The Clearing Member may at any time exercise his right to defreeze and reactivate his special account maintained with the Participant in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Operating Instructions. The Participant shall indemnify and keep indemnified the Clearing Member from any harm, loss, damage or injury that the Clearing Member may suffer or incur by reason of the Participant's failure to defreeze the Clearing Member's special account within such time from the receipt of valid instructions in that behalf and in such manner as may be specified by the Bye Laws and Operating Instructions.
- 9.3. The special account/s of the Clearing Member shall be frozen by the Participant, on the Participant being served with any direction, order or decree of a court, tribunal, Central or State Government, SEBI or any statutory or revenue authority or on receipt of written instructions from CDS calling upon the Participant so to do and upon such account being frozen, the Participant shall forthwith intimate the Clearing Member of the same.

10. Participant's Lien

- 10.1. The participant shall not exercise any lien without the prior approval of CDS, on any securities belonging to the Clearing Members held in dematerialised form in any account with the participant, as security for recovery of dues owed by Clearing Member to the participant in his capacity as such including any compensation for any loss caused to the participant and/or CDS by reason of fraud, negligence or mistake on the part of the Clearing Member. The participant shall, upon receipt of such approval from CDS, give notice in writing to the concerned Clearing Member of the exercise of such lien by the participant in respect of such of the securities held in the Clearing Member's account as CDS may specify.

11. Statement of the Clearing Member's Accounts

- 11.1. The Participant shall furnish to the Clearing Member a statement of his account at the end of every month if there has been even a single entry or transaction during that month and in any event once at the end of each financial year. Such statement shall be in the form specified in **Schedule I** to this Agreement. The Participant shall furnish such statements at such shorter periods as may be

required by the Clearing Member on payment of such charges by the Clearing Member as may be specified by the Participant.

- 11.2. The Clearing Member shall scrutinize every statement of his/its accounts received from the Participant for the accuracy and veracity thereof and shall promptly bring to the notice of the Participant any mistakes, inaccuracies or discrepancies in such statements.

12. Participant not liable for claims against the Clearing Member

- 12.1. The Participant shall not be liable to the Clearing Member in any manner towards losses, liabilities and/or expenses arising from the claims of third parties or for any fees, charges, taxes, duties, levies or penalties levied, imposed or demanded by any Central, State, statutory or revenue authority in respect of securities credited to the Clearing Member's special account.

13. Authorised Representatives

- 13.1. Where the Clearing Member is a body corporate, it shall simultaneously with the execution of this Agreement furnish to the Participant, a list of officials authorised by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

14. Confidentiality

- 14.1. The Participant shall be at liberty to provide or disclose such details, particulars, data or information relating to the Clearing Member and his account as may be required or directed in writing by any court, tribunal, Central or State Government, SEBI or any other regulatory or revenue authority empowered by law in that behalf or by CDS or the concerned Issuer and/or RTA or Clearing Corporation through CDS or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the Clearing Member provided however that save and except as aforesaid, the Participant shall not divulge or permit or suffer to be disclosed any such details, particulars, data or information to any party or person and shall hold such details, particulars, data and information in strict confidence.

15. Events requiring immediate intimation by the Clearing Member

- 15.1. The Clearing Member shall notify CDS and the Participant forthwith:
 - 15.1.1. in case the Clearing Member is an individual, in the event of his incapacity to act as the Clearing Member;
 - 15.1.2. in case the Clearing Member is a partnership firm, in the event of its dissolution (including any issuance of notice of dissolution or filing of a suit for dissolution of the firm);
 - 15.1.3. in case the Clearing Member is a body corporate, in the event of an order being passed admitting any petition for having it wound up or appointing a provisional liquidator or a resolution being passed for its winding up ;
 - 15.1.4. on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property ;
 - 15.1.5. upon its becoming aware of any distress, execution or other process being levied or served upon or against its property ;

- 15.1.6. in case of any change in its financial conditions which may lead to its insolvency or dissolution or winding-up or if it suffers a composition with its creditors ;
- 15.1.7. upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties, or any other change in circumstances which could materially affect its capacity to act as the Clearing Member;
- 15.1.8. in case the Clearing Member, being declared a defaulter or being suspended, or his/its membership being terminated by the concerned Stock Exchange or by SEBI;
- 15.1.9. upon termination, suspension or de-registration of the Clearing House, Clearing Corporation or Stock Exchange by SEBI or any other authority empowered by law in that behalf, of which the Clearing Member is a member or an account holder.

16. Redressal of grievances/complaints of the Clearing Member

- 16.1. The Participant shall promptly attend to all grievances/complaints of the Clearing Member and shall resolve all such grievances/complaints as relate to matters exclusively within the domain of the Participant within a period of 21 days of the same being brought to the notice of the Participant and shall forthwith forward to and follow up with CDS all other grievances/complaints of the Clearing Member on the same being brought to the notice of the Participant and shall endeavour to resolve the same at the earliest.

17. Closure of Account

- 17.1. The Clearing Member, may, at any time terminate this Agreement by calling upon the Participant to close all his special accounts with the Participant, provided no instructions remain pending or unexecuted and no fees or charges remain payable by the Clearing Member to the Participant. In such event the Clearing Member shall make an application to the Participant in the format specified by CDS in that behalf. The Clearing Member may close such special account by executing the account closing form if no balances are standing to its credit in such special account. In case any balances of securities exist in the account sought to be closed, the special accounts may be closed in one of the following ways:
 - 17.1.1. by rematerialisation of all existing balances in such special account;
 - 17.1.2. by transfer of all existing balances in such special account to one or more of his/its other special account/s held with any other participant/s;
 - 17.1.3. by rematerialisation of a part of the existing balances in such special account and by transferring the rest to one or more of his/its other special account/s with any other participant/s.
- 17.2. The Participant shall initiate the procedure for transfer of balances or for rematerialisation of securities in the Clearing Member's special account, as the case may be, within a period of two working days from the date of receipt of instructions from the Clearing Member in that behalf.
- 17.3. The Clearing Member's special account shall not be closed if there exist any securities in the Clearing Member's special accounts which are pledged or hypothecated or the special account is unreconciled or if the closure of such special account would result in breach or violation of any decree or order or injunction of any court, tribunal or statutory or revenue authority.

- 17.4. In the event of the Participant ceasing to be a participant, the Clearing Member may either seek rematerialisation of his securities or request for the transfer of the securities in its special accounts to other special accounts opened with another participant.

18. Termination

- 18.1. The Participant may terminate this Agreement in the event of the Clearing Member:
 - 18.1.1. failing to issue instructions to the Participant from time to time;
 - 18.1.2. failing to pay the fees or charges as may be mutually agreed upon within a period of thirty days from the date of demand made in that behalf;
 - 18.1.3. being suspended or being declared defaulter by the said Stock Exchange or otherwise ceasing to be a member of the said Stock Exchange;
 - 18.1.4. upon termination, suspension or de-registration of the Clearing House, Clearing Corporation or Stock Exchange by SEBI or by any other regulatory authority empowered by law in that behalf, of which the Clearing Member is a member or an account holder;
 - 18.1.5. commits or participates in any fraud or other act of moral turpitude in his dealings with the Participant;
 - 18.1.6. otherwise misconducts himself in any manner;
- 18.2. The Participant may also terminate this Agreement without assigning any reasons for such termination provided the Participant shall have issued at least one month's notice in writing to the Clearing Member in that behalf.
- 18.3. In the event of the Participant terminating this Agreement, the Participant shall call upon the Clearing Member to specify whether he desires to have the security balances in his special accounts transferred to its special accounts with another participant or to have the same rematerialised in the manner specified in the Bye Laws and the Participant shall accordingly close the special account of the Clearing Member. Where the special account/s is terminated by the Participant for any reason not attributable to the Clearing Member, the cost, charges and expenses involved in the transfer of the Clearing Member's special account to any other participant or rematerialisation of securities in such special account shall be borne by the Participant.
- 18.4. Upon termination of this Agreement, if the Clearing Member fails to specify the special account with any other participant to which the existing balances are to be transferred or if the Participant fails to take necessary steps to have the securities in such special account transferred to the Clearing Member's special account with some other participant, CDS shall nominate any other participant to whom such special account/s shall stand transferred for the time being, provided however that no transaction in respect of securities in such transferred account shall be effected until such time as the Clearing Member shall have entered into an agreement with the participant to whom such special account shall have been so transferred by CDS.
- 18.5. Notwithstanding termination of this Agreement by the Participant or closure of such special accounts by the Clearing Member, the provisions of this Agreement and all mutual rights and obligations arising therefrom shall, except in so far as the same are contrary to or inconsistent with such termination or closure, continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the period when this Agreement was effective.

19. Indemnity

- 19.1. The Participant shall indemnify and keep indemnified and saved harmless the Clearing Member from and against all harm, loss, damage and injury and all claims, demands, suits, actions, litigation, prosecution and every other proceedings whatsoever (including all costs, charges and expenses relating thereto) suffered or incurred by the Clearing Member by reason of or on account of the Participant effecting any debit or credit of securities to the special account of the Clearing Member without due confirmation from or contrary to or inconsistent with the instructions of the Clearing Member or otherwise failing to carry out the instructions of the Clearing Member or on account of any negligence on the part of the Participant, its employees, servants or agents or otherwise committing any act, deed, matter or thing which is violative of the Act, Regulations, Bye Laws and Operating Instructions.
- 19.2. The Clearing Member shall indemnify and keep indemnified and saved harmless the Participant, his/its employees and servants from and against all harm, loss, damage and injury and all claims, demands, suits, action, litigation, prosecution or every other proceeding whatsoever (and all costs, charges and expenses relating thereto) suffered or incurred by the Participant on account of or as a reason of any certificates or other documents in respect of the securities submitted to the Participant being forged, fabricated, counterfeit, stolen, cancelled or being otherwise invalid or such securities being subject to any decree, order or injunction of any court, tribunal, Central or State Government or any other authority empowered in that behalf restraining or prohibiting transfer of those securities or the transfer of such securities being in breach of any undertaking or covenant in favour of any statutory body or authority.

20. Stamp duty

- 20.1. Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Clearing Member.

21. Force Majeure, etc.

- 21.1. Notwithstanding anything contained herein or in the Bye Laws, neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion, or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, hacking, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

22. Disciplinary Action

- 22.1. The Clearing Member shall be subject to the disciplinary jurisdiction of the Disciplinary Action Committee as provided in the Bye Laws.

23. Service of Notice

- 23.1. Any notice or communication required to be given under this Agreement shall not be binding unless the same is in writing and shall have been served by delivering the same at the address set out hereinabove against a written acknowledgement of receipt thereof or by sending the same by pre-paid registered post at the aforesaid address or transmitting the same by facsimile transmission, electronic mail or electronic data transfer at number or address that shall have been previously specified by the party to be notified.
- 23.2. Notice given by personal delivery shall be deemed to be given at the time of delivery.
- 23.3. Notice sent by post in accordance with this clause shall be deemed to be given at the commencement of business of the recipient of the notice on the third working day next following its posting.
- 23.4. Notice sent by facsimile transmission, electronic mail or electronic data transfer shall be deemed to be given at the time of its actual transmission.

24. Severability

- 24.1. If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

25. Amendments/Modifications at SEBI's instance to be binding

- 25.1. The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by SEBI and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

26. No Waiver

- 26.1. Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

27. Arbitration and Conciliation

- 27.1. The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be _____.

28. Governing Language

28.1. All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language which shall be the governing language between the parties hereto.

29. Governing Law

29.1. This Agreement shall be governed by and construed in accordance with the laws in force in India.

30. Jurisdiction

30.1. The parties hereto agree to submit to the exclusive jurisdiction of the courts in _____.

31. Headings

31.1. The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

32. Interpretation

32.1. Unless the context otherwise requires, the words denoting the singular shall include the plural and vice versa and the words denoting the masculine gender shall include the feminine and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

33. Execution of Agreement

33.1. This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands/seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

SIGNED AND DELIVERED)
by the withinnamed)
Participant)
_____)
by the hand of its authorised)
representative Shri _____)
in the presence of)

SIGNED AND DELIVERED)
by the withinnamed)
Clearing Member)
_____)
by the hand of its authorised)
representative Shri _____)
in the presence of)