

## **INSTRUCTIONS TO FILL PROFESSIONAL CLEARING MEMBERSHIP UNDERTAKING**

- Undertaking should be stamped as an Agreement on stamp paper.
- Must be signed and stamped on each page
- Every hand written information should be counter signed by the authorized signatory

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Signature  
Company Stamp

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Signature  
Company Stamp

**(For Corporate & Institutions)**

**PROFESSIONAL CLEARING MEMBER UNDERTAKING**

This undertaking is executed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

To

Nepal Derivative Exchange Limited, having its Registered office at Tinkune, Subidhanagar, Kathmandu Nepal at NDEX Complex 3<sup>rd</sup> floor, (hereinafter called "NDEX" (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include their successors and assigns)

BY

Regd. Office:

Hereinafter called "the Undersigned" (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors and permitted assigns).

WHEREAS NDEX has agreed to admit the Undersigned as a Professional Clearing Member (PCM) on NDEX in accordance with the Bye-Laws, Rules and Business Rules of NDEX in force from time to time. AND

WHEREAS NDEX, as a precondition to the Undersigned being admitted as a Professional Clearing Member, requires the Undersigned to furnish the undertaking in the manner and on the terms specified herein below:

AND WHEREAS at the duly convened Board of Directors (The "Board) meeting of the Undersigned being M/s \_\_\_\_\_

\_\_\_\_\_ Limited, the Board has authorized Mr. /Ms. \_\_\_\_\_

\_\_\_\_\_ And Mr. /Ms. \_\_\_\_\_ to sign

and execute this Undertaking to NDEX on the following lines:

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Signature

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\_\_\_\_\_  
Signature

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NOW THEREFORE in consideration of NDEX admitting the Undersigned as a Professional Clearing Member of NDEX, the Undersigned hereby undertakes and agrees that:-

1. The Undersigned is aware that Undersigned would be admitted as a Professional Clearing Member of NDEX under the name and style. \_\_\_\_\_ on paying the prescribed membership fee and security deposit and all transactions, deals, acts and deeds done under the above name shall be binding on the Undersigned. All documents signed and executed by and under the name and style of \_\_\_\_\_ shall be binding on the Undersigned.
2. The Undersigned shall comply with all such requirements, existing and future, with regard to and in connection with appointment and continuance as a Professional Clearing Member;
3. On being admitted as a Professional Clearing Member, the Undersigned shall be active participant of NDEX;
4. The Undersigned shall abide by, comply with and be bound by the Bye- Laws, Rules and Business Rules of NDEX as in existence or in force from time to time and any modification through any circular, order, direction, notice, instruction issued and in force from time to time;
5. The Undersigned shall abide by all rules and the code of conduct as lay down by NDEX from time to time.
6. The Undersigned agrees that NDEX shall be entitled to amend its Bye-laws, Rules and Business Rules unilaterally and the Undersigned shall be deemed to have consented to them, and accordingly be bound by the Bye-laws, Rules and Business Rules prevailing from time to time and NDEX shall be entitled to all powers vested in them under its Rules, Business Rules and Bye-laws, by which the Undersigned unconditionally agrees to be bound;
7. The Undersigned shall maintain and preserve such information, records, books and documents pertaining to the working of the Undersigned as a Professional Clearing Member for such period as may be specified by NDEX from time to time;

8. The Undersigned shall permit NDEX or any other authority appointed by it for inspection, access to all records, books, information, documents as may be required;

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9. The Undersigned shall submit periodic reports, statements, certificates and such other documents as may be required by NDEX, and shall comply with such audit requirements as may be framed specially by NDEX from time to time;
10. The Undersigned shall follow and comply with such orders or instructions, whether being in the nature of a penalty or otherwise, as may be issued by NDEX or any committee of NDEX duly constituted for the purpose, in the event of the Undersigned committing any violation of any rules, regulation or practice or code of conduct prescribed by NDEX in respect of conduct of the business in NDEX
11. Undersigned shall conduct business at NDEX prudently and shall ensure that it will not be prejudicial or detrimental to public interest in general, and to NDEX in particular;
12. The Undersigned has read and fully understood the Byelaws, Rules Business Rules and undertakes to abide by the provisions therein and any amendments thereto and comply with all directives issued there under from time to time. The Undersigned shall comply with the terms and conditions of contract as may be applicable for the purpose of clearing on the Exchange's platform.
13. The Undersigned shall abide by and adopt the Rules and Business Rules of the clearing and settlement systems of NDEX and any other agencies appointed by NDEX for this purpose and any amendments made thereto from time to time;
14. The Undersigned shall pay the costs and expenses including fees prescribed by NDEX from time to time, as communicated by NDEX forthwith on receipt of notice to the effect;

15. The Undersigned shall use NDEX infrastructure facilities and equipment only for the purpose for which they are permitted to be used so;
16. The Undersigned shall furnish security deposits, pledge of securities, hypothecation of movables, lien on bank accounts or such other security as may be required by NDEX from time to time and to do all acts, deeds and things to enable NDEX to exercise all or part of the above mentioned securities to secure recovery of default in payment and other incidental charges relating to default and other dues of NDEX and clearing house, if any;
17. The Undersigned shall bring in additional margin deposits and funds as and when required as decided from time to time to participate in the clearing operations on NDEX;
18. The Undersigned agrees to pay the all charges prescribed by NDEX from time to time as and when demanded by NDEX including but not limited to admission

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Charges, Annual subscription charges, insurance premium and renewal of membership charges. NDEX shall be entitled to suspend and/or terminate the membership of the Undersigned in the event of non-payment of any such charges by the Undersigned.

19. The Undersigned understands that the membership is not transferable for a minimum period of three years from the date of approval of membership or such other period as may be stipulated from time to time by NDEX. The Undersigned do unequivocally undertake that it shall not be entitled to make any claim for refund of the interest free deposit and collateral securities for a minimum period of three years even if the Undersigned intend to surrender / surrenders its membership to NDEX or ceases or to discontinues to clear trade on NDEX; The Undersigned further undertakes to replace/renew the maturing non-cash component of the initial security deposit suitably till the release of the initial security deposit by NDEX.
20. Post three year period stated above (lock –in period) the amount shall be refunded by NDEX within such time as may be specified by NDEX after appropriation of amounts due from the Undersigned towards its liabilities or obligation due to NDEX and its clearing agent.
21. Without prejudice to the foregoing, NDEX shall be entitled to forfeit any property, funds, amounts, deposits or other sums due to the Undersigned or to the credit of the

Undersigned in such events or contingencies as may be stipulated in its Bye-laws, Rules and Business Rules of NDEX in force from time to time;

22. NDEX shall not be held responsible or liable for any failure of computer systems, telecommunication network and other equipment installed at the offices of the Undersigned and NDEX shall also not be held responsible for any misuse, mishandling, damage, loss, defect etc, and NDEX has the right to inspect and supervise all computer systems, software programmes, Tele-communications equipment, etc, which are provided by NDEX at the office of the Undersigned and the Undersigned shall not make any alterations, modifications and changes without prior written consent of NDEX
23. The Undersigned shall not disclose, reveal, publish and advertise any material information relating to operations, membership, software, hardware, etc. of NDEX without prior written consent of NDEX except and to the extent as may be required in the normal course of its business. Similarly the Undersigned hereby agrees not to use without express permission of NDEX, the name of NDEX to directly or indirectly promote business.
24. The Undersigned undertakes to keep the password in strict confidence and secrecy and shall not disclose the same to any person and Undersigned shall be bound by all transactions done on the Exchange by use of its password. All transactions entered or done by use of password assigned to the Undersigned shall be deemed to be done by the Undersigned for all purposes.

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25. Where in the opinion of NDEX, any change has resulted or is likely to result in any change in the composition of the Board of Directors of the Undersigned due to any direct or indirect transfer of shares or securities in the share capital of the Undersigned, NDEX will be entitled to review continuation of the Undersigned as a Professional Clearing Member of NDEX; and, the Undersigned shall be bound by any decision taken by NDEX in this regard which shall be final;
26. Where in the opinion of NDEX any change has resulted or is likely to result in any change in the composition of the Board of Directors of the Undersigned due to any direct or indirect transfer of shares or securities in the share capital of any one or more companies or bodies corporate holding any part of the paid-up capital of the Undersigned, NDEX will be entitled to review continuation of the Undersigned as a Professional Clearing Member of NDEX, and the Undersigned shall be bound by any decision taken by NDEX in this regard which shall be final.
27. Within 3 days from the date of the meeting of the Board of Directors of the Undersigned or other competent committee, the Undersigned shall notify NDEX of any approval or

refusal to transfer the shares or securities forming part of the issued capital of the Undersigned, if such transfer has or is likely to result in any change in the composition of the Board of Directors of the Undersigned;

28. The Undersigned shall execute, sign and subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by NDEX from time to time
29. The Undersigned shall take prior approval from NDEX before forming any subsidiary or acquiring any other company and also shall forthwith inform NDEX of any change in its constitution.
30. The Undersigned undertakes to inform NDEX in case of any change in the name of the company.
31. The Undersigned undertakes to communicate to NDEX in writing under the signatures of all directors or remaining directors for any change in directorship of the company.
32. The Undersigned hereby confirms and undertakes that he is competent in all respects to become a Professional Clearing Member of NDEX. The Undersigned further confirms that in case of any doubt or reference in future regarding validity of his candidature to become a Professional Clearing Member, the onus to prove the same shall lie on the Undersigned himself and NDEX shall not be liable for any matter in case of such eventuality.

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33. The Undersigned hereby confirms and undertakes that the dominant promoter group shall consist only of individuals not more than four in number who shall hold at least 51% of the paid up capital directly or indirectly. Any change in the said dominant promoter group or their shareholding interest shall be effected only after prior permission from NDEX; The Undersigned agrees to pay any fee as prescribed by NDEX from time to time for such changes in the dominant promoter group.
34. The Undersigned undertakes to make such contributions to Settlement/Trade Guarantee fund, if any or any such other fund pertaining to/constituted by NDEX as and when required by the exchange and also comply with all requirements stipulated by the exchange in respect thereof

35. The Undersigned hereby confirms that in case of default of the Undersigned or Trading Members or Trading-cum-Clearing Member, it shall be liable to pay the dues of NDEX.
36. The Undersigned shall arrange to get it registered with respective relevant authorities under the law of land for the purpose of participating in the clearing operation of the exchange (NDEX).
37. The Undersigned undertakes to subscribe to at their own cost, the mandatory centralized insurance cover as required by the exchange for the Professional Clearing Members in NDEX and shall pay the insurance premium as may be required by the exchange and also to comply with all requirements of the exchange in respect thereof.
38. That the Undersigned shall forthwith inform NDEX in writing as and when any notice is received by the Undersigned in connection with any institution of insolvency proceedings against the Undersigned and that it shall also inform NDEX in writing before the Undersigned initiate(s) any insolvency proceedings to be declared insolvent(s). The Undersigned further undertakes that it shall forthwith inform NDEX in writing on the onset of any circumstance which is likely to or may render any one or more of the Undersigned to be declared insolvent(s) or which is likely to or may render the Undersigned liable to be subject to insolvency proceedings.
39. That the Undersigned agrees and undertakes fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with NDEX, by the Undersigned from time to time, shall be subject to a first and paramount lien for any sum due to NDEX and all other claims against the Undersigned for due fulfillment of engagements, obligations and liabilities of the Undersigned arising out of or incidental to any dealings made subject to the Byelaws, Rules and Business Rules of NDEX. NDEX shall be entitled to adjust or appropriate such fees, deposits and other monies for

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Such dues and claims, to the exclusion of other claims against the Undersigned, without any reference to the Undersigned.

40. The Undersigned further agrees that NDEX reserves the right to terminate the membership of the applicant at any time in the event of non-compliance of any clause of this undertaking.
41. If any difference/dispute shall arise as to the interpretation, meaning or effect of this undertaking or as to the rights and liabilities of the parties to this undertaking or in respect of any other matter relating to NDEX operations, the decision of NDEX shall be final, conclusive and binding on the Undersigned;



42. The Undersigned clearly understands that Membership agreed to be granted to the Undersigned is subject to compliance of above stated undertakings and may be withdrawn by the Exchange at its absolute discretion without assigning any reason and without prejudice to any action the Exchange may deem fit.
43. The Undersigned agrees that, in case the Undersigned submits to NDEX any urgent instructions/documents through Facsimile transmission ("Fax") or through an electronic mail transmission ("E-mail") from an authorized E-mail ID, it shall deliver to NDEX, hard copy of the same within five (5) working days of such Fax/E-mail, and shall be in the manner as may be specified by NDEX from time to time. NDEX may at its sole discretion, rely upon and act or omit to act in accordance with the Fax/E-mail which may from time to time be given or purport to be given to or received by NDEX from the Undersigned.
44. The Undersigned agrees to assume and bear all the risks involved in respect of any telecommunication errors and misunderstanding and NDEX shall not be liable for any losses or damages which Undersigned may suffer as a consequence of NDEX acting in accordance with or in reference upon, any Fax/E-mail submission or otherwise pursuant to the authority conferred herein upon the NDEX.
45. The Undersigned agrees that he/it shall, at all times, indemnify and keep indemnified NDEX, its directors, officers, and employees, save and harmless against any and all claims, losses, damages, costs, liabilities and expenses of whatsoever nature, incurred, suffered or paid by NDEX or required to be incurred and also against all demands, actions, suits, proceedings made, filed, instituted against NDEX.
46. That without prejudice to the rights, remedies whether legal or otherwise available to NDEX upon the Undersigned's non-compliance with this Undertaking, the Undersigned shall indemnify and keep indemnified NDEX against any loss/damage suffered by it whether legal or otherwise including liabilities arising out of failure to comply with any or all the above clauses by the Undersigned or the agents of the Undersigned.

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Signature

Company Stamp

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Company Stamp

47. The Undersigned do hereby confirm that the information provided in the application form of the Undersigned for the Professional Clearing Member of NDEX is true and correct to the best of the knowledge and belief of the Undersigned and that the above

undertakings will be binding on the successors and permitted assigns of the Undersigned.

Signed and delivered by the within named Professional Clearing member

Being the authorized person ) \_\_\_\_\_

**Name of Designated Director**

In terms of the resolution ) \_\_\_\_\_

**Signature of Designated Director**

Of the Board of Directors ) \_\_\_\_\_

At the duly convened meeting ) \_\_\_\_\_

Held on \_\_\_\_\_ ) \_\_\_\_\_

**Date of Board resolution**

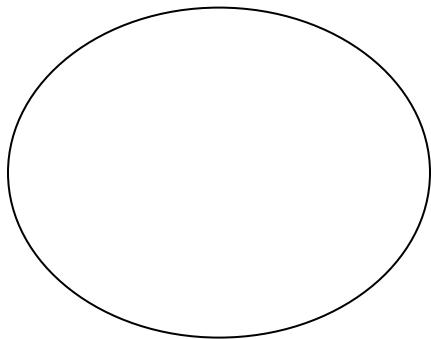
In the presence of

\_\_\_\_\_

\_\_\_\_\_

**Name of witnesses**

**Signature of witnesses**



Company's Common Seal must required

(The Undersigned shall not engage as principal or employee in any fund based business or any business other than that of commodities except as a broker or agent not involving any personal financial liability)

**Name of Company:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Address of Company** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

Company Stamp

\_\_\_\_\_  
Signature

Company Stamp

1. **Please type the following on the last page of the agreement**  
(Below the common seal)

The common seal of \_\_\_\_\_  
\_\_\_\_\_ **Name of Company** was hereunto affixed pursuant to a resolution  
passed at a meeting of the Board of Directors of the company held on \_\_\_\_\_ day of  
\_\_\_\_\_ 20\_\_\_\_ in the presence of \* \_\_\_\_\_  
\_\_\_\_\_(**Name of witnesses**)

\_\_\_\_\_  
Signature  
Company Stamp

\_\_\_\_\_  
Signature  
Company Stamp