

## TRADING-CUM-CLEARING MEMBERSHIP UNDERTAKING

### (For Partnership)

This undertaking is given on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

TO,

Nepal Derivative Exchange Limited, having its Registered office at Tinkune, Subidhanagar, Kathmandu . (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

\_\_\_\_\_ Having its registered office / place of business at \_\_\_\_\_ (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 Trading-cum-Clearing member 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 Trading- cum-Clearing member requires the Undersigned to furnish the undertaking in the manner and on the terms specified herein below:

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

1. The Undersigned is aware that undersigned would be admitted as a Trading-cum-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

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2. The Undersigned shall comply with all such requirements, existing and future, with regard to and in connection with appointment and continuance as a Trading-cum- Clearing Member;
3. The Undersigned shall abide by and adopt the Bye Laws, Rules and Business Rules pertaining to the trading, clearing, settlement and risk management systems of NDEX and any other agencies appointed by NDEX for this purpose and any amendments made thereto from time to time.
4. The Undersigned shall abide by the code of conduct as laid down by NDEX from time to time.
5. 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 N D E X 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;
6. The Undersigned shall maintain and preserve such information, records, books and documents pertaining to the working of the Undersigned as a Trading-cum-Clearing Member for such period as may be specified by NDEX from time to time;
7. 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;
8. 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;
9. 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.
10. The 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;
11. The Undersigned undertakes to inform NDEX in case of any change in the name of an existing partnership.
12. The Undersigned undertakes not to assign or in any way encumber his interest in any other Partnership firm.
13. The Undersigned undertakes to do business only on account of the firm and jointly in the name of the Partnership firm.

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14. The Undersigned undertakes to communicate to NDEX in writing under the signatures of all partners or surviving partners any change in such partnership either by dissolution or retirement or death of any partner(s).
15. The Undersigned has read and fully understood the Byelaws, Rules and Business Rules and undertakes to abide by the provisions therein and any amendments thereto and to comply with all directives issued thereunder from time to time. The Undersigned shall comply with the terms and conditions of contract pertaining to clearing and settlement as may be applicable for the purpose of trades on the Exchange's trading platform.
16. The Undersigned shall pay the costs and expenses including fees prescribed by NDEX from time to time arising from or incidental to the Undersigned operating on the Exchange's trading and clearing systems; and to establish other systems in accordance with the specifications prescribed by NDEX from time to time.
17. The Undersigned shall use NDEX infrastructure facilities and equipment only for the purpose for which they are permitted to be used so;
18. 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;
19. The Undersigned shall bring in additional margin deposits and funds as and when required to maintain the capital adequacy as decided by NDEX from time to time to participate in the trading & clearing operations on NDEX;
20. 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 membership charges, Annual subscription charges, advance transaction 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 nonpayment of any such charges by the Undersigned.
21. The Undersigned understands that the membership is not transferable for a minimum period of three years from the date of approval of the 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 discontinues to trade or clear trades 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.

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22. Post three year period as 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.
23. 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 Rules, Business Rules and Bye-laws in force from time to time;
24. NDEX shall not be held responsible or liable for any failure of automated trading system (ATS) computer systems, trading work stations (TWS) 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 in the same, and N D E X 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 in the same without prior written consent of NDEX.
25. 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.
26. 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 and trades 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.
27. The Undersigned undertakes to inform the Exchange about any change in the revenue sharing (profit/loss) ratio between the partners of the firm inter-se, and NDEX will be entitled to review continuation of the Undersigned as a trading cum clearing member of NDEX; and, the Undersigned shall be bound by any decision taken by NDEX in this regard which shall be final.
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 forthwith inform NDEX of any change in its constitution or conversion.
30. The Undersigned hereby confirms and undertakes that he/she is competent in all respects to become a Trading cum clearing member of NDEX and to participate in futures trading. The undersigned further confirms that in case of any doubt or reference in future regarding validity of his candidature to become a Trading cum

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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.

31. All transactions, deals, trades, acts and deeds done by any of the partners and all documents and deeds executed by any of the partners shall be binding on the Undersigned and all its partners.
32. The Undersigned shall ensure that the data communication link between the Exchange's equipment and Trading cum Clearing Member's Trader Workstation shall be used on point-to-point basis only. The Undersigned shall further ensure the above link will not be connected to any other telecommunication network, except as permitted by the Exchange.
33. 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 NDEX and also comply with all requirements stipulated by NDEX in respect thereof.
34. The Undersigned ensures to apprise its clients/constituents of the Byelaws, Rules and Business Rules of the Exchange and all other directives there under and further undertakes not to misrepresent the nature of transaction to any of its clients. The Undersigned shall explain the trading system, order matching process and risks associated with trade on the Exchange platform to its constituents before accepting any orders from them.
35. The Undersigned shall arrange to get itself registered with respective relevant authorities under the law of land for the purpose of participating in the trading & clearing operation of the exchange (NDEX).
36. The Undersigned shall get registered with the relevant sales tax/ VAT, if required under the law and shall pay all applicable sales tax/VAT, and stamp duty. Also the undersigned shall reimburse NDEX any tax, statutory obligation (including interests and penalties thereon if any) in the event of NDEX being levied and made to pay or bear any such liability by the Statutory Authorities.
37. The Undersigned undertakes to subscribe to at his / its cost the mandatory centralized insurance cover as required by the exchange for the Trading-cum-Clearing Members in NDEX and to 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 N D E X 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 the Undersigned to be declared insolvent(s) or which is likely to or may render the Undersigned liable to be subject to insolvency

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proceedings.

39. That the undersigned agrees and undertakes that 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 such dues and claims, to the exclusion of other claims against the Undersigned, without any reference to the Undersigned;

39. 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

40. The undersigned undertakes that this Undertaking shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned.

41. 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.

42. 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.

The Undersigned do hereby confirm that the information provided in the application form of the Undersigned for the Trading-cum-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 Trading-cum-clearing member

Signed and delivered

For M/s \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Company Stamp

Company Stamp

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