

MEMBER – SUB-BROKER AGREEMENT

(The agreement is to be executed on a non-judicial stamp paper worth Rs.100/- if executed in State of Maharashtra. If this Undertaking is executed outside the State of Maharashtra, then it must be executed on a non judicial stamp paper stamped in accordance to the duty as payable in the place of execution or on a non-judicial stamp paper worth Rs.100/- whichever is higher.)

*This Agreement entered into this _____ day of _____ 2011 at Mumbai between **Indian Bullion Market Association Ltd.**(IBMA Ltd), Institutional Trading-cum-Clearing Member of National Spot Exchange Limited (NSEL)ordinarily carrying on broking activity in spot delivery contracts in commodities in the name and style of **Indian Bullion Market Association Ltd** from 03/06/2009 (hereinafter referred to as “member”) and _____, a sub broker ordinarily carrying on/desiring to start business in spot trading in commodities in the name and style of _____ from _____ (hereinafter referred to as “the sub-broker”).)*

WHEREAS the said member is a member of NSEL (hereinafter referred to as “the Exchange”) and also holds a certificate of membership, AND WHEREAS the sub-broker is affiliated to the member Mr. / Mrs. / Ms .Indian Bullion Market Association Ltd and is eligible for becoming a sub-broker,

AND

WHEREAS in terms of Rules and Bye laws and Business Rules of NSEL the sub-broker is required to enter into an agreement with the said member specifying the scope of their authority & responsibility, in relation to the business of dealing in commodities between them in the Exchange.

NOW THEREFORE this agreement witnesseth as follows:

1) The member hereby acknowledges and confirms that the sub-broker is affiliated to him and that the sub-broker shall within the scope of the authority given under these presents, be entitled to act as a ‘Sub-Broker’ within the meaning and subject to the Rules, Bye-Laws and Business Rules as amended from time to time, between the said member and the clients for assisting the latter in buying, selling or dealing in commodities on National Electronic Spot Trading (NEST) System through the said member.

2) The sub-broker may conduct business on behalf of his client with the member as may be mutually agreed upon and subject to such condition as may be agreed to mutually between the member and the sub-broker. Such agreement shall not contravene any provisions of this agreement and said rules and regulations.

3) *The member agrees that he shall not, except with the previous consent of the sub-broker, commit on the latter's behalf transactions on NEST system in excess of the amount mutually agreed upon in writing from time to time being the aggregate value of such transactions agreed to be transacted in any contract and the maximum outstanding position of a client will also be limited to such limits as may be specified by the sub broker.*

4) *The sub-broker shall furnish Interest free security deposit of Rs. _____ for the due performance of this agreement.*

5) *The sub-broker shall maintain separate books of accounts in respect of his dealings with each of affiliating member, if he is doing business with more than one member and under no circumstances, he shall mix the funds received from or payable to one member with that of another member.*

6) *The member and the sub-broker agree that they shall abide by all the statutory responsibilities and obligations imposed on them by the said regulations and/or any other rules or regulations applicable to the members and sub-brokers in general specified by the Exchange.*

7) *The member and the sub-broker shall abide by the code of conduct as may be specified by the Exchange.*

8) *The member can having regard to the size of the business handled on behalf of the sub-broker ask the sub-broker to deposit such amount as may be mutually agreed upon for securing sub-broker's obligations to his clients and to the member. The deposit of the Sub-broker shall be utilized by the member only for discharging the liabilities of the sub-brokers. On termination of the agreement, deposit shall be refunded to the Sub-broker. If the member wants to retain a part of the deposit to meet the anticipated future liabilities on account of past transactions of the Sub-broker the same shall be immediately transferred by the broker to the Exchange by way of deposit, which will be held by the Exchange in trust on account of the sub broker.*

9) *The sub-broker and the member shall co-operate and help each other in solving issues relating to sales tax forms or declarations like IX C or F forms.*

10) *The said member and sub-broker agree that each of them shall ensure due protection to the clients regarding their rights and neither of them shall jointly or severally do anything which is likely to harm the interest of clients with whom and for whom they may have had transactions in commodity on NEST system.*

11) *It shall be the responsibility of the member to inform the sub-broker and keep him apprised about trading/settlement cycles, delivery/payment schedules, any changes therein from time to time, and it shall be the responsibility in turn of the sub-broker to comply with such procedures specified by the exchange.*

12) *The member shall maintain a separate record including accounts in respect of the dealings on NEST system entered into on behalf of the Sub-broker. The Sub-broker if he holds or receives money on account of a client shall forthwith pay such money to current or deposit account at bank to be kept in the name of Sub-broker in the title of which the word "client" shall appear (hereinafter referred to as "client account"). The Sub broker may if he/it desires, keep one consolidated clients account for all the clients or account in name of each client as he thinks fit. If the Sub-broker receives a cheque or draft representing in part money belonging to client, and in part money belonging to sub-broker, he shall pay the whole of such cheque or draft into the client account and effect subsequent transfer to his own account of such amount that rightly belongs to him. The member and sub-broker shall reconcile their accounts at the end of each Quarter or earlier with reference to all the settlements during the quarter.*

13) *The member shall issue consolidated instrument-wise contract notes to the sub-broker in respect of all the instruments traded on behalf of the latter showing execution price of transaction and brokerage separately. The sub-broker; in turn, shall issue split confirmation memos to each of his clients within 24 hours of receipt of contract note from the main member, wherein sub-brokers registration number allotted by the Exchange, the name of the member who has executed the order and members id, the name of the Exchange, reference number of the consolidated contract notes of the member, the rate at which the sale or purchase is made and the brokerage shall be shown separately. There shall be a clear mention on the face of the confirmation memo that disputes with the sub broker shall be brought to the notice of main broker by the client within 6 months from the date of dispute. Commission if any charged by the Sub-Broker shall not exceed one and one-half of one percent of the value mentioned in the respective sale or purchase confirmation memo. Also the sum total of commission & Brokerage charged by the Sub-Broker and Broker shall not exceed the maximum brokerage as prescribed under the Business Rules of the Exchange.*

14) *The share of brokerage of member will be 50% and that of sub-broker will be 50% respectively which may be subsequently revised upwards or downwards by member from time to time and the brokerage will be shared by member and sub-broker on weekly/fortnightly/monthly basis as may be mutually deemed fit by member and sub-broker*

15) *The member and the sub-broker hereby agree that they will assist and co-operate with each other in ensuring faster settlement of any arbitration proceedings arising out of the transactions entered into on behalf of the sub-broker and would accept arbitration awards in respect of the transactions entered into on his behalf.*

16) *The member and the sub-broker agree that they shall mutually decide from time to time the volume of business which will be transacted during a settlement period by the member with the sub-broker and if the sub-broker is dealing with more than one member, then the agreed aggregate volume of business of the sub-broker including that with the other member(s), shall also be informed to all the affiliating members.*

17) *The member and the sub-broker hereby mutually agree that:-*

a) all transactions in commodity, including the squared off transactions on NEST system on behalf of the clients of the sub-broker shall be settled by delivery and/or payment between the contracting parties in accordance with the provisions and bye-laws and Business Rules of NSEL and subject to the procedures for settlement of transactions laid down by the authorities of NSEL from time to time.

b) the member and sub-broker shall not encourage sales/purchase with the object of generating brokerage/commission.

18) *If any dispute arises between the member and sub-broker the same shall as far as possible be settled with the help of the officials of the said exchange and if no such settlement is possible the parties hereby agree to refer such dispute to arbitration in accordance with the rules, byelaws and Business Rules of the said exchange. The member and the sub-broker hereby agree that they shall co-operate with exchange officials and provide all relevant documents in their possession so as to expedite the settlement through arbitration process. If any dispute arises between Sub-Broker and client the same shall be brought to the notice of main broker immediately and same shall as far as possible be settled with the help of member failing which it shall be brought to the notice of exchange officials for resolution. If the dispute persists, the same shall then be referred to the arbitration in accordance with the Rules, Bye-laws and Business Rules of NSEL.*

19) *Either party shall be entitled to terminate this agreement at will and without giving any reasons to the other party notice in writing of not less than six months at their respective addresses mentioned above. The above shall also be intimated to the Exchange.*

20) *This agreement shall forthwith terminate;*

i) if the member for any reason ceases to be a member of the Exchange including cessation of membership by reason of the member's death, resignation or expulsion or if the certificate issued by NSEL is cancelled or suspended.

ii) Upon the demise/insolvency of the sub-broker or the cancellation or suspension of his/its registration with NSEL.

iii) notwithstanding any such termination, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the termination of this agreement shall continue to subsist and vest in/be binding on the respective parties or his/her/its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

21) The sub-broker agrees that he/it shall enter into detail agreement with all his/its clients & maintain database of all such clients.

IN WITNESS WHEREOF, the parties hereto have set their hands and signature on the day, month and year first above written

Signed for and on behalf of

Member :

By :

Signature :

Title :

Witness :

Signed for and on behalf of

Sub-Broker :

By :

Signature :

Title :

Witness :