

CORPORATE BOND SETTLEMENT AGREEMENT

THIS AGREEMENT is entered into on this ____ day of _____ Two Thousand and _____ at Mumbai between National Securities Clearing Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, (hereinafter referred to as “NSCCL”) of the **One Part** and _____, _____, a company incorporated under the Companies Act, 1956, having his /her / its office / registered office at _____, hereinafter referred to as “**Participant**” (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors and legal representatives, of the **Other Part**).

WHEREAS:

NSCCL, a 100 % subsidiary of NSEIL, has decided to provide settlement services for transactions executed in Corporate Bond and Participants desired to enter into an agreement with NSCCL stipulating the terms and conditions subject to which NSCCL shall settle such transactions.

The Participant is engaged in the business of providing custodial services to its various clients and is desirous of settling the deals on behalf of such clients. Based on the agreement between Participant and clients, the Participant has represented that it is authorised to make and receive payment for deals in corporate bonds and also to deliver and receive securities on behalf of such clients.

The Participant is desirous of utilizing the services of NSCCL and NSCCL has agreed to offer its services subject to the terms and conditions contained herein.

Now this Agreement witnesseth and it is hereby agreed by and between the parties as follows:

1. SETTLEMENT SERVICES

NSCCL agrees to provide the settlement services in the manner as set forth in Schedule A (the ‘Services’). Schedule A is attached to this Agreement and forms part and parcel of this Agreement.

2. CONSIDERATION

The Participant shall pay to the NSCCL such consideration for the services rendered by NSCCL as may be mutually agreed upon between them.

3. OBLIGATIONS OF NSCCL

NSCCL agrees to provide settlement services in the manner as set forth in Schedule A for corporate bond transactions executed.

Where NSCCL receives the funds and/or securities from a Participant as the case may be, NSCCL agrees to ensure the return of such funds or securities should there be a failure on the part of the counterparty Participant in meeting its obligations.

If funds and/or securities as the case may be received from the counterparty Participants, then NSCCL shall ensure that by the end of stipulated hours, NSCCL transfers the securities from its designated depository account to the buying Participant’s account and transfer funds from its designated bank account to the selling Participant’s account.

Provided that NSCCL shall not be responsible for any losses/consequences arising out of corporate bond transactions or any dispute, difference or claim arising out of settlement services provided by NSCCL

4. OBLIGATIONS OF THE PARTICIPANT

Participant agrees to abide by the procedures as may be stipulated by NSCCL for the purpose of facilitating settlement of corporate bond transactions.

Without prejudice to the above, the Participant as a seller or a buyer agrees to deposit the securities in the NSCCL designated depository account or deposit the funds in the NSCCL designated bank account in order to facilitate delivery of the securities to the buyer or funds to the seller as the case may be.

5. RIGHTS OF THE PARTICIPANT AS A BUYER / SELLER

Where the seller deposits the securities, the buyer has right to receive the securities, provided the buyer has deposited the funds in the NSCCL designated bank account

Where the buyer deposits the funds, the seller has a right to receive the funds if the seller has deposited the securities in the NSCCL designated depository account.

If the seller fails to deposit the requisite securities or the buyer fails to deposit the required funds within the stipulated time, then the buyer or the seller shall have the right to receive the return of funds or securities deposited as the case may be.

6. TERMINATION

This Agreement shall commence on the date set forth above. This Agreement may at any time during its Term, be terminated by either party by a written 60 days notice to the other party without prejudice to the rights, liabilities, interests and obligations that have accrued to the parties prior to the date of such termination and shall be without prejudice to any other rights or remedies the terminating party may have under this Agreement or at law or in equity.

7. REPRESENTATIONS AND WARRANTIES

NSCCL represents and warrants that it will provide the said services only if both the parties perform their obligations for each transaction executed.

NSCCL does not guarantee performance of the transactions settled by it. Performance of the transactions shall be the sole responsibility of the respective parties and NSCCL is not a counter party to any transaction settled by it.

NSCCL shall hold the securities or funds deposited by the Participant as a trustee.

Except as provided in this Agreement, NSCCL makes no other representations or warranties, express or implied.

8. CONFIDENTIALITY

NSCCL acknowledges that it or its employees may, in the course of performing its responsibilities under this Agreement, be exposed to or acquire information which is confidential to the Participant. Any and all non-public information of any form obtained by NSCCL or its employees in the performance of this Agreement shall be deemed to be confidential information of the Participant. NSCCL agrees to hold such information in strict confidence and will not copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give or disclose such information to third parties or to use such information for any purposes whatsoever other than the provision of services to the Participant or as contemplated by this Agreement and will advise each of its employees who may be exposed to such confidential information of its obligations to keep such information confidential. Confidential information shall not include information which is (i) in or becomes part of the public domain other than by disclosure by NSCCL in violation of this Agreement, (ii) demonstrably known to NSCCL previously, (iii) independently developed by NSCCL outside of this Agreement or (iv) rightfully obtained by NSCCL from third parties. This provision shall survive termination or expiration of this Agreement.

Notwithstanding anything to the contrary herein, NSCCL may disclose confidential information required to be disclosed by it by applicable law or regulation, or pursuant to an order of a court or regulatory, self-regulatory or legislative body of competent jurisdiction, or in connection with any regulatory report, audit, inquiry or other request for information from a regulatory, self-regulatory or legislative body of competent jurisdiction. In the event NSCCL receives a request to disclose any confidential information under such order or otherwise, NSCCL will (a) promptly notify the Participant; (b) consult with the Participant on the advisability of taking steps to resist or narrow such request; and (c) if disclosure is required or deemed advisable, cooperate with the Participant in any attempt that it may make to obtain an order or other reliable assurance that confidential treatment will be accorded to designated portions of the confidential information.

9. NO-LIABILITY
The Participant agrees that NSCCL shall not be responsible for any services rendered under this Agreement and accordingly no right vests with the Participant for making any claim or any damages whatsoever. NSCCL shall not be responsible for any mistake or error in the transaction settled by it or failure of the systems of the Reserve Bank of India or of any other depository or regulatory authority. In no event shall NSCCL be liable for special, indirect, incidental or consequential damages, regardless of the form of action (including negligence or strict liability), whether or not such party is advised or might have anticipated the possibility of such damages. This provision shall survive termination or expiration of this Agreement.
10. NOTICE
Any notice required or permitted to be given under this Agreement shall be given in writing and shall be effective from the date delivered by registered or certified mail, by hand or courier to the addresses set forth on the first page of this Agreement. Notice can also be sent by e-mail.
11. AMENDMENT
The rights and obligations of the parties are governed by this Agreement. This Agreement may be amended, altered, modified, varied or added to from time to time only by a written instrument duly signed by both the parties to this Agreement.
12. ASSIGNMENT
Neither party shall assign, sub-license, charge or otherwise encumber any of its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed except that NSCCL may assign this Agreement or any of its rights or obligations hereunder to any third party or to any other entity which succeeds to all or substantially all of NSCCL assets and business without the Participant's prior consent. Any attempted assignment in violation of this shall be null and void.
13. TAXES
The parties shall be liable for payment of any and all Central, State and local taxes to the Authorities independently. However, nothing contained herein shall prevent NSCCL from effecting such deductions at source as required by law or regulations.
14. DISPUTES
NSCCL and the Participant shall make every effort to resolve amicably any disagreement or dispute arising between them under or

in connection with this Agreement by direct informal negotiations. All disputes, differences or questions, arising out of this Agreement including the interpretation of the terms herein or in regard to the obligations, failure or breach of any terms thereof by any of the parties and/or compensation/damages payable under this Agreement or of any matter whatsoever arising under this Agreement which have not been settled shall be referred to arbitration under the provisions of the Arbitration and Conciliation Act, 1996 of India to two arbitrators, one to be appointed by each of the parties and the arbitrators appointing an Umpire. The decision or award so given by the arbitrators or the Umpire as the case may be shall be final and binding on the parties hereto.

15. GOVERNING LAW AND JURISDICTION
This Agreement shall be subject to and construed and interpreted in accordance with the laws of India and each of the party hereby submits to the exclusive jurisdiction of the Courts in Mumbai. This provision shall survive termination or expiration of this Agreement.
16. ENTIRE AGREEMENT
This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all existing and all other oral, written or other communications between the parties concerning this subject matter hereof. This Agreement may be modified only by an amendment signed by both parties in hardcopy format. This provision shall survive termination or expiration of this Agreement.
17. HEADINGS
The headings to the clauses of this Agreement are for ease of reference only and shall not affect the interpretation or construction of this Agreement.
18. GENERAL
The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, all of which shall remain enforceable in accordance with their terms. This provision shall survive termination or expiration of this Agreement.
19. EXECUTION OF AGREEMENT
This Agreement is executed in two original counterparts. Each of which is an original in itself and both of which together however shall constitute one and the same agreement.

NATIONAL SECURITIES CLEARING CORPORATION LTD.

By: _____

Name and Title

Authorized Signatory

Date: _____

(PARTICIPANT)

By: _____

Name and Title

Authorized Signatory

Date: _____

SCHEDULE A

About Us

The National Securities Clearing Corporation Ltd. (NSCCL), a wholly owned subsidiary of NSE, was incorporated in August 1995. NSCCL commenced clearing operations in April 1996. NSCCL has been a pioneer and possesses several years of experience in clearing & settling trades pertaining to spot & derivatives market in India. NSCCL has successfully brought about an up-gradation of the clearing and settlement procedures and has brought Indian financial markets in line with international markets.

Corporate Bond Settlement

NSCCL present a centralised clearing and settlement mechanism for enabling timely and smoother transaction closure and completely eliminate the operational risk for counterparties. The salient features are:

- Active follow up with each of the participants for settlement of transaction.
- All reported transactions through FIMMDA, NSE-WDM and NSE web site are eligible for settlement and shall be picked up from reporting systems.
- Alerts, messages, emails and online transaction status to participants at various stages of activity.
- Every reported transaction where both the parties have entered into agreement with NSCCL and intend to settle through NSCCL to be taken up for settlement
- Delivery and receipt of bonds/funds to and from NSCCL accounts
- No separate bank / DP account required for participants.
- There shall be no netting and each transaction shall be settled separately.
- Archival mechanism

Settlement framework

The settlement activity is grouped as under:

- Pre-settlement
- Settlement
- Post settlement

Pre-settlement

- Transactions reported on NSE-WDM, NSE website and FIMMDA ready for settlements.
- Participant should choose to settle through NSCCL through front end.
- An alert confirming the same will be generated and sent to both participants.
- Participants may modify selected fields of the transactions. The confirmation for the same is sent to intimate both participants about the modifications.
- The confirmation status will be reflected for each transaction like 'Buyer confirmed', 'Seller confirmed', 'Unconfirmed' and 'Fully confirmed'. Only 'Fully confirmed' will be settled through NSCCL.

Settlement activity

- Active follow-up with obligated participants for funds and bonds in respect of transactions to be settled through NSCCL.
- On receipt of bonds an alert will be sent to sell and buy participants for confirmation of receipt of bonds in NSCCL Beneficiary a/c. (BO a/c)
- On receipt of funds an alert will be sent to buy and sell participants for confirmation of receipt of funds in NSCCL Bank a/c
- On matching of the above the bonds and funds will be swapped to the respective participants and alerts for the same will be sent respectively.
- In case the transaction details do not match, an alert will be sent to the respective participants.
- If the confirmation from participants is not received by cut-off time then the respective deals shall be deemed to be cancelled.
- In case participants have opted for settlement through NSCCL, but both bonds and funds are not transferred to NSCCL Beneficiary A/c and NSCCL bank A/c respectively, the deal will be deemed to be cancelled.
- In case of buy transaction, if a participant has transferred his funds respective to its deal, but the counter participant has failed to deliver bonds, the transaction will be deemed to be cancelled.
- In case of sell transaction, if a participant has delivered bonds respective to its deal, but the counter participant has failed to pay the funds, the transaction will be deemed to be cancelled.
- In case of cancelled deals, the bonds or funds will be returned back to the respective participant.
- A view is provided to the participant in respect of settlement status-
 - Settlement success
 - Settlement failure

- Settlement pending

Post Settlement

- All the transaction during a day will be reported on the web site.
- All historical transaction will be provided to the participant by way of report.
- Reports such as-
 - Obligation (pay-in detail)
 - Trade transaction (Trade details)
 - Settlement status
- All these reports can be downloaded by the participant at any time.