**Annexure 1 - UNDERTAKING**

**To be executed on Rs. 1000/- stamp paper / applicable stamp duty of the state (whichever is higher), duly Notarized on all pages, signed, stamped & sealed by Authorized Signatory on all pages**

I / We \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual / a firm registered under the Indian Partnership Act, 1932 / a Limited Liability Partnership registered under Limited Liability Partnership Act 2008/a Company / Body Corporate incorporated under the Companies Act of 2013/ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Act, \_\_\_, and residing at / having our registered office at/ having place of business at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (including its successors, assigns and legal representatives) give this UNDERTAKING on this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ IN FAVOUR of National Stock Exchange of India Ltd., a company incorporated under the Companies Act of 1956, with its registered office at Exchange Plaza, an Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and is a recognized stock exchange under section 4 of the Security Contract Regulation Act ,1956 (hereinafter referred to as ‘NSEIL’/‘Exchange’ which expression shall unless repugnant to the context include its successors, assigns and legal representatives).

**WHEREAS**

1. I/We (hereinafter also referred to as “Algo Providers”) am/are desirous of making available decision support tools/algorithms (“Algorithm/Tools”) to trading members of NSEIL (hereinafter “Trading Members”) for the purpose of algorithmic trading and has/have approached NSEIL.
2. NSEIL may, at its sole discretion, empanel such Algo Providers to provide Trading Members with Algorithm/Tools purposed for algorithmic trading (“Product”) based on the application received from them and fulfilment of criteria stipulated by NSEIL from time to time. This includes the vendor providing an undertaking in favour of NSEIL in the prescribed format and agreeing to abide by and be bound by the various terms and conditions prescribed by NSEIL from time to time.
3. I / We have developed the Product for Trading Members to enable them to avail of the algorithmic trading facilities with the Exchange, and in this regard, I/ We, have submitted our application to NSEIL for empanelment along with an undertaking as herein below:

**NOW THEREFORE IN CONSIDERATION OF NSEIL having agreed to identify / identified me / us as “Algo Provider” and my/our Product as “Registered Product” for the aforesaid purposes, I / we hereby IRREVOCABLY AND UNCONDITIONALLY AGREE, ACCEPT and UNDERTAKE to abide by and be bound by the following terms and conditions:**

1. I/We hereby, declare that the information provided by me/ us in the application form submitted to NSEIL for registration as an Algo Provider or for the registration of the Product (hereinafter as “Registered Product”) are correct, complete, true in all aspects. I/We hereby acknowledge and understand that my/our registration as Algo Provider and/or registration of our Product as Registered Product by NSEIL is only basis the documentation provided by me to NSEIL and NSEIL shall not held liable for any claim or penalty arising as a result of use or availment of my Product.
2. I/We agree to pay any such license fees/charges/royalties as may be levied by DOT/SEBI/NSEIL or any other regulatory/statutory authorities from time to time.
3. I/We shall ensure that the Product along with Risk Management System complies and shall continue to comply at all time with the requirements laid down by NSEIL and/or SEBI.
4. I/We undertake that our Product adheres to implementation standards formulated by Broker’s Industry Standards Forum, under aegis of stock exchanges and in consultation with SEBI.
5. I/We undertake to ensure that access shall be given only to the authorized individuals, either it being our representatives (“Algo Provider’s Personnel”) or representative of the Trading Member (“Approved Users”) and shall ensure to deploy necessary security, tools, method (including malware protection) to prohibit any unauthorized access to the Product provided.
6. I/We shall install the Product only at the Trading Member’s location only after duly ensuring that all the requirements stipulated by NSEIL in this regard have been complied with by the Trading Member and that the Approved User shall not make the Product available to any other unauthorised person.
7. I/We undertake to give NSEIL prior notification for any changes to be made to the Software and seek fresh registration from NSEIL of the Product as Registered Product.
8. I/We undertake that the Product design shall be compatible with NSEIL’s trading system in order to use only the specified messages given by NSEIL and shall consider all the structures defined by NSEIL from time to time. I/We shall ensure that the Product shall be compatible with basic functionalities as required by NSEIL and to any changes thereof. Further, I/We shall ensure that any customization requirement of the Trading Members shall be in line with NSEIL requirements. It is further clarified that Algo Providers do not interface with NSEIL’s trading system directly, but only through the APIs made available by Trading Members. Accordingly, the Algo Provider’s compliance with NSEIL requirements shall be limited to the functionality and controls permitted by such Trading Member APIs.
9. I/We undertake that the Product developed by me / us shall be at all times similar to that of the specifications of National Exchange for Automated Trading (NEAT) or any other Exchange provided software including any upgrades stipulated by NSEIL, from time to time. However, I/ we shall ensure that such Product developed by us shall be distinctly identifiable from NEAT or any other Exchange provided software. It is further clarified that Algo Providers do not develop products by directly interfacing with NEAT or any Exchange-provided software. Such products operate solely through the APIs made available by Trading Members, and their functionality is limited to what is permitted by such APIs. Accordingly, the Algo Provider shall regularly seek guidance from the Trading Member to align its product with the specifications of NEAT or other Exchange software.
10. I/We undertake that controls shall be inbuilt by me/ us to ensure that the orders are matched by the central computer of NSEIL only and there is no scope for orders being matched in my / our / Trading Members own private network.
11. I/We undertake that the following controls shall be inbuilt in the Product by me/us to detect loss of product integrity:
    1. Data validation routines to detect input errors.
    2. Backup and recovery procedures.
12. I / We shall ensure that the Product shall have adequate security features and that the Product cannot be made available to any other person other than Approved Users.
13. I / We shall ensure that the Product shall be developed so as to generate the following from the system for the purpose of verification during the inspection:
    1. Number of users hooked on to the network including privileges to each user.
    2. All the systems logs and audit trails of the user and the Trading Member.
    3. Provision for entering complementary dummy orders.
14. I/We undertake that
15. SEBI/NSEIL shall have the right and privilege of auditing and testing the Product at my/our site and the Trading Members site at any point of time without any prior notice. The source code of the Product shall be made available at my/our site for verification and during such audit by SEBI/NSEIL.
16. I / We shall provide all the necessary support, technical and otherwise, as may be required for SEBI/NSEIL or any other regulatory authority to inspect and test the Product and/or our site.
17. I / We shall make available prototype and the technical specifications of the Product to NSEIL for testing purposes.
18. I / We shall be responsible to fix the bugs in the Product if any, found at the time of testing.
19. That I / We shall meet the criteria set to measure the expected level of performance.
20. I/ We agree that the terms for providing the Product and for the payment thereof, shall be as agreed by the Trading Member and myself/us and NSEIL shall not be responsible for any breach, either by the Trading Member or by me/ us, of such terms and conditions agreed therein.
21. I/We shall provide the documentation i.e. training manuals required to operate the Product and use of system outputs as specified by the Trading Member. Further, such documentation shall include the potential error conditions and recommend action in the event of occurrence of error.
22. I / We undertake to provide user training first when the Product is installed and thereafter whenever a major upgrade is released, or at such other intervals as may be required by Trading Member or stipulated by the Exchange for the following:
23. Use of Product
24. Maintenance of the Product

Further, I / We also undertake that the frequency and calibre of my/our personnel providing the training shall be as specified.

1. I / We shall develop the Product after considering the current and expected increase in workload, to ensure that the desired efficiency can be maintained with future workloads.
2. I / We shall develop the Product and make it compatible to other operating systems, in case of any need to transfer the Product from one piece of hardware to another due to technological changes.
3. I/We am/are fully aware that NSEIL shall not be responsible for development, maintenance, updates, upgrades, error fixes and other support functions.
4. I/We undertake to provide the training and documentation as and when the Product is technically upgraded.
5. I/ We undertake to provide such warranty as may be required for the purposes of this Undertaking.
6. I / We undertake to ensure as follows:
7. That in case of failure or malfunctioning of the Product, I/We shall make such first level trouble shooting and rectification the Product problem to restore the Product in its proper operating condition at no cost to the Trading Member.
8. That I / We shall provide services for regular on-site maintenance of the Product in such manner and at such time intervals as specified by the Trading Member. The fees for the same will be the amount mutually agreed upon by the Trading Member and me/us and shall not at any point of time be unreasonable so as to put the Trading Member in hardship. We are also aware that NSEIL shall in no way be responsible for non-fulfilment of either this or any other condition by the Trading Member.
9. Shall supply and maintain the Product trading solution to any NSEIL Trading Member at any location in the country, which the Trading Member desires to operate from.
10. I / We undertake to ensure as follows:
11. For the purpose of provision of algo trading through APIs, trading member shall be the principal while the Algo Provider shall act as its agent, while using the API provided by the trading member.
12. All algo orders originating/flowing through Application Programming Interface (API) extended by Trading Member to Algo Providers, shall be tagged with a unique identifier provided by Stock Exchange.
13. In case, I/We provide the software to tech-savvy retail investors, then, I/we shall get it registered with the Exchange, only if they cross the Specified Order Per Second Threshold.
14. Software so provided shall be permitted to be used by such retail investors for their family (but not for other investors). ‘Family’ for this purpose would be as defined in SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/169 dated 3 December 2024.
15. Access is allowed only through a unique vendor client specific API key and static IP whitelisted by the Trading Member to ensure identification and traceability of the Algo Provider and the end user (i.e. investor) and the access is not permitted through open APIs;
16. Access to API is authenticated through two factor authentication;
17. Product shall have Open Authentication (OAuth) based authentication only and any other authentication mechanisms as prescribed by NSEIL/SEBI from time to time.
18. For Black Box Algos, i.e. Algos where logic is not known to the user and is not replicable, I/We shall register as a Research Analyst and maintain a detailed research report for each such algo and confirm to NSEIL that such report has been maintained. In case there is any change in the logic governing the algo, then I/We shall register such algo as a fresh algo and maintain a detailed research report for the new algo and confirm to NSEIL that such report has been maintained.
19. I / We confirm that the Product complies with all the requirements stipulated by NSEIL, SEBI and the DOT in this regard and undertake that I/we shall modify the Product, if necessary to ensure continued compliance with the requirements of NSEIL / DOT / SEBI / any other authority as may be issued from time to time.
20. I / We hereby undertake to duly inform NSEIL in case of any cause, resulting in any change to my/our entity, or any change in any of the eligibility criteria based on which my / our Product has been identified as ‘Registered Product’ for this purposes by NSEIL.
21. I / We hereby undertake to duly inform NSEIL the list of Trading Members who are using my/our Product as and when NSEIL seeks such information within the stipulated time, as communicated by NSEIL.
22. I/We agree and undertake to make any modification/amendment to the Product as required by NSEIL during the continuation of the empanelment.
23. I/We agree that the term “Empanelment at NSEIL” is specifically limited to accessing test market and receiving update from NSEIL regarding the software facility, wherever we display or express our empanelment with NSEIL.
24. I/We agree that “Empanelment at NSEIL” does not guarantee the veracity of the Product or any commercial veracity of any contract or agreement done by us with our clients.
25. I/ we agree that our empanelment at NSEIL does not constitute or imply endorsement, recommendation, or favour by NSEIL, its associate companies or any of its employees or contractors acting on its behalf. Further that, I/We would not position ourselves to the market at large in a manner that is akin to conveying endorsement, recommendation or favour by NSEIL.
26. I / We shall render all possible assistance and co-operation to NSEIL/SEBI by providing access to any kind of information in any form as it may require and I/we hereby undertake to produce such documents, records, accounts, books, data howsoever stored including data stored in magnetic tapes, floppy diskettes, etc. and any other information as may be required by NSEIL/SEBI at its discretion.
27. . I/We hereby acknowledge, accept and understand that NSEIL makes no representations or warranty, express or implied, regarding the advantages, benefits, usefulness, or accuracy of the Product or the advantages accruing from subscribing to it. NSEIL shall not be responsible or liable for the functionality or performance of the Product and does not guarantee any desired results/outcomes. NSEIL shall not be liable for any direct or indirect claims, damages or the like arising from the use, availment, or subscription of such facility by the trading member.
28. I/We agree that the empanelment granted by NSEIL for providing Product does not, in any manner, represent or warrant that the Product shall be free of any error, omission, defects, bugs, shortcoming or limitation of any nature. The Algo Provider and Trading Member are solely responsible for ensuring that the Product does not result in any market disruption, manipulation, aberrations or affect the integrity of the market or sanctity of price discovery mechanism. Furthermore, I/We and Trading Member shall be solely liable for all/any dysfunctional, erroneous or disorderly functioning of the Product and for any technical glitch in the same and the consequences arising therefrom. I/we and Trading Member shall at all times ensure that the Product is not used for any purpose that is contrary to applicable Circulars, Byelaws, Rules and Regulations of the SEBI and/or Exchange.
29. I/We agree that in event of any dispute arising between me/us and Trading Member/s, NSEIL shall not be responsible for the resolution of such dispute. Furthermore, NSEIL shall not be liable for any breach of terms and conditions, commercial agreement or other agreements mutually agreed upon between I/we and trading member.
30. I/We agree that NSEIL only facilitates access for Trading Members to the test market to test the Product that is developed by me/us. The grant of such access by NSEIL shall not be used by me/us to communicate to any Trading Members that NSEIL assumes any responsibility for the Product developed by us.
31. I / We shall indemnify and keep NSEIL harmless and defend against all claims, demands, damages, liabilities, losses and expenses (including the reasonable cost of investigating and reasonable counsel fees) suffered by NSEIL due to my / our non-compliance, breach or contravention of any provisions of this Undertaking or due to bugs or malfunctioning of the Product provided by us to the Trading Members of NSEIL or any claims, damages or the like arising from the use, availment, or subscription of such facility by the trading member. This indemnification shall be limited to the average annual revenue generated by us in the last three (3) completed and audited financial years from the suite of products registered by NSEIL.
32. The limits on liability as stated above do not apply to: (a) Fraud, fraudulent misrepresentation, wilful misconduct, or conduct that demonstrates a reckless disregard for the rights of others; (b) Negligence causing death or personal injury; (c) any third Party claim related to Intellectual Property Rights.
33. For the purpose of this Undertaking “**Intellectual Property Rights**" means:
34. Copyrights, patents, know-how, trade secret, database rights and rights in trademarks and designs (whether registered or unregistered),
35. Applications for registration, and the right to apply for registration and extensions and renewals for any of the same, and
36. All other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world including any future rights that may be recognized.
37. If any obligation is cast unto NSEIL by any court of competent jurisdiction to pay or deposit any interim amount pending final disposal of any matter pertaining to the above mentioned adverse actions, claims or demands, I/ We shall promptly (without any delay or demur) pay such interim amount to NSEIL, provided it does not exceed the average annual revenue generated of Algo business by us in the last three (3) completed and audited financial years from the suite of products registered by NSEIL. In the event of any higher amount being ordered to be paid or deposited, then the same would be mutually discussed and appropriate amount agreed upon for payment to NSEIL.
38. I/We agree that no forbearance, delay or indulgence by NSEIL in enforcing the provisions of this Undertaking shall prejudice or restrict the rights of NSEIL nor shall any waiver of its rights operate as a waiver of any subsequent breach and no rights, powers, remedies herein conferred upon or reserved for NSEIL is exclusive of any other right, power or remedy available to NSEIL and each right, power or remedy shall be cumulative.
39. I/We undertake that any declaration or other notice to be given by me/us to NSEIL shall be sent by registered letter or telex/cable or facsimile transmission to the address first mentioned above.
40. I/We shall not advertise or publish any brochure, pamphlet, booklet, notice, or promotional material mentioning NSEIL or NEAT without the written consent of NSEIL.
41. I/We shall submit that I/We shall ensure that the empanelment fee payable to NSEIL is timely paid to NSEIL.
42. I/We shall submit such details as required by NSEIL including the details regarding the list of Trading Members of NSEIL to whom I/we have provided the license to use the Product and number of license provided to the Trading Members of NSEIL. The details shall be submitted by me / us on a periodical basis.
43. I/We shall execute, sign, subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by NSEIL from time to time.
44. I/We shall not (a) Provide advice or recommendations related to securities unless registered with or expressly permitted by SEBI and (b) Make any claims about returns or performance related to securities unless expressly permitted by SEBI. A breach of this clause will allow NSEIL to terminate my/our empanelment immediately.
45. I/We agree that NSEIL has the right to withdraw my / our identification as “Algo Provider” or identification of my/our Product ‘Registered Product’ for any segment without giving any reason.
46. I/We undertake that any agreement entered into between Trading Members and Algo Providers shall be separate and independent of this Undertaking and I/We shall ensure that NSEIL shall not be liable for any claim arising out of such agreement entered into between Trading Members and Algo Providers.
47. I/We undertake that there is no conflict of interest with the business of NSEIL. I / We shall ensure continued compliance with this requirement. We also undertake that our group companies including holding or subsidiary companies are not engaged in a business which gives rise to conflict of interest with the business of NSEIL. I/We shall immediately inform NSEIL in case a conflict of interest arises in the future and in such an event, NSEIL may take such action as it may deem fit including withdrawal of identification of my/our Product.
48. In the event that the Undersigned wishes to dis-empanel itself, it shall provide NSEIL with at least 90 days’ prior notice. The Undersigned agrees to extend full cooperation and support to the trading member(s) to ensure a smooth transition, including but not limited to assisting with the porting of services, data and any necessary technical or operational handover.
49. The Undersigned agrees and undertakes that NSEIL shall not be liable for any direct or indirect loss, damage, costs, claims and expenses whatsoever caused or contributed by any event of force majeure. For the purposes of this Clause, "Force Majeure" means and includes wars, insurrections, revolution, fires, floods, epidemic, quarantine restrictions, declared general strikes in relevant industries, act of God, act of the Government of India and any concerned State Government and such other acts or events beyond NSEIL's control and further the above is without prejudice to the rights already accrued to NSEIL due to failure of the Undersigned to perform either in full or in part, its obligations arising prior to the occurrence of events of Force Majeure.
50. I/We affirm to provide all support that is required for the conduct of any audit or investigation or process in respect of our Product, pursuant to any regulatory requirement.
51. I/We affirm to abide by all relevant Laws, Rules and Regulations applicable to me/us during the course of my/our empanelment with NSEIL for providing Algorithm/Tools to Trading Members of NSEIL for the purpose of algorithmic trading.
52. I/We affirm that this Undertaking is governed by the laws of India and any dispute arising from the same will be subject to the jurisdiction of courts of Mumbai.
53. We affirm that in the event of contravention of the above terms of the Undertaking, NSEIL shall have the absolute right to discontinue our empanelment without notice and without assigning any specific reasons whatsoever. We confirm that such decision by NSEIL to discontinue our empanelment shall be final and binding on us.

IN WITNESS WHEREOF this Undertaking is executed by the undersigned on the day, month, year and the place first mentioned above.

SIGNED, SEALED AND DELIVERED BY

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

for and on behalf of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Before me

In the presence of Witnesses

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name & Address) ………………………….
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name & Address) ………………………….

**Checklist for Submitting Undertaking**

|  |  |  |
| --- | --- | --- |
| **Sr** | **Pre Checks** | **Tick wherever applicable** |
| 1 | Stamp paper is of minimum Rs. 1000 /- \*\*for details refer instruction below |  |
| 2 | Stamp paper purchased in name of Algo Proivder |  |
| 3 | Undertaking is executed in favour of NSEIL |  |
| 4 | Date of Stamp paper purchase : |  |
| 5 | Date of execution of undertaking mentioned : |  |
| 6 | Date of Notarizing to be mentioned : |  |
| 7 | Notary stamp on all pages |  |
| 8 | Date of entering into the agreement as specified on the first page of the agreement should be on or before the date of notarizing the agreement. |  |
| 9 | Undertaking is executed within validity of stamp paper (Date of execution is on or after the date of, and is within six months of, the stamp paper purchase date) |  |
| 10 | Clauses of Undertaking are as per format |  |
| 11 | Signature on all pages of the Undertaking |  |
| a | For Individual : Only self can sign |  |
| b | For Partnership Firm : All Partners OR Authorised Signatory |  |
| c | For Corporates : Minimum two directors or a managing director/ Authorised signatories |  |
| d | For others : Authorised signatories |  |
| 12 | Signature of 2 witness on last pages of the Undertaking |  |
| 13 | Company’s stamp is affixed and in presence of persons authorised by the Board Resolution (for Corporates only) |  |
| 14 | If there is any correction in the undertaking , then ensure the persons as authorised by the board resolution have signed across the correction |  |
| 15 | Additional Documents to be collected | Remarks |
| a | For Individual : None | - |
| b | For Partnership Firm : Partnership deed or any other documents as advised |  |
| c | For Corporates : Copy of board resolution and specimen signature list of authorised signatories |  |
| d | For others : any other documents as advised |  |

\*\* To be executed on Rs. 1000/- stamp paper / applicable stamp duty of the state (whichever is higher), duly Notarized on all pages, signed, stamped & sealed by Authorized Signatory on all pages