

## ANNEXURE 3

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### Terms and Conditions Governing Non-Competitive Bidding Facility on e-Gsec Platform

In order to facilitate non-competitive bidding on e-Gsec platform (“the Platform”), all eligible participants (“Participants”) on the Platform shall be subject to terms and conditions (“Terms and Conditions”) stipulated by the Exchange from time to time.

#### 1. Definitions

- a. The “**Platform**” shall mean and refer to the non-competitive bidding facility provided to Trading Members to enter bids for the eligible investors for securities using the network and bid collection mechanism provided by NSEIL.
- b. “**Securities**” shall mean Government of India Dated Securities (G-Secs), Treasury Bills (T-Bills) & State Development Loans (SDLs).
- c. “**Non-Competitive Bidding Facility**” shall mean and refer to the scheme for non-competitive bidding facility in the auction of Government of India Dated Securities, Treasury Bills and State Development Loans as per notification/circular issued by the RBI or the GOI from time to time.
- d. “**Trading Member**” means a registered trading member of NSEIL in capital market segment.
- e. “**Participants**” shall refer to all entities that are eligible to participate on the Platform for Non-Competitive Bidding Facility.
- f. “**Investors**” shall refer to all the investor as specified by RBI/Exchange from time to time and clients of the Participants that are eligible to bid for securities on e-Gsec platform.
- g. The “**Legal Framework**” shall refer to all applicable terms and conditions governing the use of the Platform as may be specified by NSEIL from time to time, in addition to such other requirements as may be notified from time to time by any regulatory / statutory authority, including but not limited to the Government of India (“GOI”), the Reserve Bank of India (“RBI”), and the Securities and Exchange Board of India (“SEBI”).
- h. “**Operating Guidelines**” shall refer to the guidelines specified by NSEIL from time to time describing the processes, procedures and policies to be complied with by Participants in any non-competitive bidding facility for auction in securities on the Platform.

#### 2. Eligibility for registration and applicability of Terms and Conditions

- a. All Trading Members of Capital Market Segment of NSEIL, and such other entities as may be notified by NSEIL/RBI from time to time, shall be eligible to participate in the Platform for Non Competitive Auction.
- b. All Participants who eligible to participate on the Platform shall at all times be bound by these Terms and Conditions as may be amended or modified by NSEIL from time to time,

in addition to such other requirements as may be notified from time to time under the Legal Framework.

### **3. Obligations of Participants**

- a. Participants shall comply with all extant and applicable requirements and covenants under the Legal Framework in connection with their participation in the Platform for any Non-Competitive Bidding Facility, the Operating Guidelines notified by NSEIL, and any instructions or Circulars issued by NSEIL or RBI from time to time in relation to participation in the Platform.
- b. Participants shall conduct their business on the Platform professionally, transparently, fairly, and prudently, and shall ensure that its actions are not prejudicial or detrimental to any investors interest, the public interest, or to NSEIL's interests in particular.
- c. Participants shall use the facilities and equipment provided in connection with the Platform only for the purpose for which they are permitted to be used.
- d. Participants shall only use the Platform for the benefit of such investors ("Clients") as are eligible to participate in Non-Competitive Bidding Facility in the Auction of Securities under the extant applicable legal framework.
- e. Participants shall be solely responsible for the fulfillment of all necessary KYC requirements in relation to its Clients.
- f. Participants shall ensure that they record/document the prior consent of the investors for their participation in any Non-Competitive Bidding Facility in the Auction of Securities, separately for each auctions.
- g. Participants shall ensure that the investors are kept suitably informed about, and are always compliant with, the applicable Legal Framework as may be relevant and applicable to the investors, including but not limited to the Operating Guidelines, the Terms and Conditions, and such other policies, processes and procedures as may be notified by NSEIL or the RBI. Participants shall keep the investors informed about settlement/redemption cycles, delivery/payment schedules, and any changes in relation thereto from time to time.
- h. In relation to any Non-Competitive Bidding Facility in the Auction of Securities, Participants shall ensure that they properly communicate to the investors all material features, terms, and conditions in relation to the Non-Competitive Bidding Facility in the Auction of Securities, including but not limited to the risks involved in the investments, the nature and timeframe of returns from the government /debt securities, the nature of applicable lock-in on the funds of the investor, and the applicable commissions chargeable by Participants to the investors in relation to their services to the investors in

connection with transactions on the Platform. Participants shall also ensure that they suitably communicate to their clients the Operating Guidelines and these Terms and Conditions.

- i. Participants shall not charge fees/commissions higher than the maximum permissible fees/commissions as may be prescribed by NSEIL or RBI from time to time
- j. Participants shall maintain separate books of accounts for its stock broking operations and its activities on the Platform. Each Participant shall ensure that the money deposited by the investors shall not be used for any purpose other than the purposes for which the consent of the investor has been obtained, and which are permissible under the Legal Framework and under these Terms and Conditions. Participants shall not withhold / set-off monies due and payable to an investor under their stock broking business for dues arising out of such investors participation in any non-competitive bidding on the Platform, or vice versa.
- k. Participants shall suitably maintain all the personal information of the investors, including but not limited to those obtained through the client registration forms and KYC forms, along with any other information pertaining to the investor that may be obtained in course of such investors' participation in any auction on the Platform, in confidence, and shall not disclose the same to any person/ authority except as required under any law/regulatory requirements, or as consented to by such investors in writing.
- l. Participants shall promptly, transparently, diligently, and fairly provide all necessary services with regard to the investors participation in any non-competitive bidding.
- m. Participants shall maintain appropriate policies and procedures in place to receive and redress grievances of the investors in connection with their participation in the Platform. Participants shall ensure that these policies and procedures are suitably communicated to the investors.
- n. Participants shall not disclose, reveal, publish and advertise any material information relating to operations, registration as a Trading members, software, hardware, etc. of NSEIL without prior written consent of NSEIL except and to the extent as may be required in the normal course of its business.
- o. Participants shall duly comply with all requirements, covenants, and responsibilities in relation to meeting its payment obligations in relation to any non-competitive bidding on the Platform, towards NSEIL, towards the RBI, towards the Investors, or otherwise, on a timely basis and within the timeframe prescribed by the GOI/RBI/NSEIL or under the Operating Guidelines / the Legal Framework.

- p. Participants shall not, in any manner, exploit the intellectual property rights of NSEIL, and the usage of the Platform by the Participant shall be in compliance with such approvals and policies as may be notified by NSEIL from time to time.
- q. Participants shall ensure that they have suitable procedures in place to implement and comply with the provisions of the Prevention of Money Laundering Act, 2002.
- r. Participants shall adopt the funds settlement mechanism by NCL through which NSEIL is facilitating the funds collection for the bids entered on the Platform.

#### **4. Maintenance of records, audits and inspection by Participants**

- a. Participants shall maintain and preserve such information, records, books and documents pertaining to their activities on the Platform for such period as may be specified by NSEIL/RBI/GOI from time to time.
- b. Participants shall provide NSEIL, or any other agent or authority appointed by it, access to the Participant's hardware, software, and systems, and shall provide NSEIL or any other agent or authority appointed by it access to all records, books information, documents, as may be required for the purpose of any audit, inspection or review in connection with the Participants participation in any non-competitive bidding on the Platform.
- c. Participants shall submit periodic reports, statements, certificates and such other documents as may be required by NSEIL or mandated by RBI, and shall comply with such audit requirements.

#### **5. Representations and warranties by Participants**

Notwithstanding the generality of the obligations of Participants as described herein above, by registering for and using the Platform to participate in any non-competitive bidding, each Participant represents, warrants, agrees, and undertakes as follows:

- a. That it has all the necessary permissions, approvals, authorizations, registrations and certifications for the purpose of participating in any non-competitive bidding on the Platform and for the execution, delivery and performance of any agreement, document, covenant, or undertaking by the Participant in connection with its registration for and subsequent participation in the Platform, that are valid and subsisting at all times.
- b. That it shall adhere to all applicable requirements, compliances, and obligations under the Legal Framework, the Operating Guidelines, and these Terms and Conditions in connection with its use of the Platform, as amended from time to time, with/without prior notice.

- c. That the investors have been registered in accordance with the Terms and Conditions specified by NSEIL from time to time, in addition to such other relevant and applicable requirements under the Legal Framework.
- d. That it shall provide promptly and on a timely basis, complete and correct details of the application of the investors for bids during any non-competitive bidding, and shall strictly adhere to the instructions received from the investors in relation to transactions on the Platform on behalf of the investors during any bidding of G-Secs, T-Bills and SDLs.

## **6. Consequences of non-compliance with Terms and Conditions**

- a. Participants understand and agree that if any Participant commits a breach or violation of the requirements under the Legal Framework, or any directions by NSEIL in relation to their participation in any non competitive auction on the Platform, NSEIL may take necessary discretionary action, including the withdrawal of permission to such Participants to use the Platform, or levy of damages on the Participants as may be determined by NSEIL.

## **7. Obligations of NSEIL**

- a. NSEIL shall make the Platform available for prior testing to Participants upon registration, and in case any material changes have been carried out to the software or the functionality of the Platform, upon the implementation of such changes, to enable the Participants to satisfy themselves of the utility and functionality of the Platform for the intended purpose.
- b. NSEIL shall ensure that the Platform is robust, and meets the requisite quality requirements to ensure that the non-competitive bidding is carried out smoothly, and to the extent reasonably practicable, without disruption. NSEIL shall ensure that adequate infrastructure / facilities are provided to Participants to allow effective and smooth participation in any non-competitive bidding in accordance with the Operating Guidelines and the operational requirements under the Legal Framework. NSEIL shall ensure that the design of the Platform is compliant with requirements under the applicable Legal Framework.
- c. NSEIL shall ensure the safety, integrity and retrievability of data on the Platform received from Participants. NSEIL shall ensure that the Platform provides the necessary facilities to ensure that bids, as received from the Participant, are properly registered, stored, and communicated to the intended recipient/stakeholders.
- d. NSEIL shall make suitable provisions to generate status updates and alerts in relation to the status of bids or payment formalities received / paid by/from Participants, generate suitable confirmation statements, provide other necessary updates and responses to service requests to Participants as may be required under the Legal Framework or the

Operating Guidelines, and provide for the necessary facilities and infrastructure to enable proper and timely communication/notification of such updates or instructions between Clients, the RBI, the depositories, and the Participants.

- e. NSEIL shall ensure that it generates on a timely basis, the necessary payment obligation reports, statements in confirmation of necessary formalities by Participants in relation to payment formalities, necessary records indicating the completion of bid formalities and other participation formalities.
- f. NSEIL shall ensure that refunds of monies, transfer of securities / partial allotment to the respective Participants / clients of Participants are made transparently and on a timely basis.

## **8. Limitation of liability of NSEIL**

- a. Use of the Platform by Participants subsequent to being offered such opportunity to test the Platform constitutes acceptance by such participants of the utility and functionality of such Platform for all intended purposes, and such use shall constitute a waiver by such participants of their right to hold NSEIL responsible for any loss, damage, or other costs, including without limitation any incidental special or consequential damages or loss of profit arising out of any use of the Platform.
- b. NSEIL shall take prompt actions for any defects, problems or complaints for system maintenance. However, NSEIL shall not be liable for delays in performance or non-performance caused by circumstances beyond its control.
- c. NSEIL shall not be held responsible or liable for any failure of computer systems, telecommunication network and other equipment installed at the offices of the Participants.
- d. NSEIL shall not be responsible for the information in connection with bids received from Participants, whether proprietary or on behalf of their Clients. NSEIL shall not verify or validate the information received by it from the Participants in relation to bids during any non-competitive bidding, and shall transmit the data 'as is'. NSEIL shall merely facilitate the transmission of bid details through the Platform as a facilitator, and NSEIL shall not be liable for any rejection or non-receipt of bids by the RBI/depositories due to misstatement of, inaccuracies in, or incompleteness of information pertaining to any bid data or instruction from any Client or Participant.
- e. NSEIL shall not be responsible or liable for delays in receipt, or non-receipt, of application amounts by Participants from their Clients.
- f. NSEIL shall not be responsible for any delays related to the allotment of securities to Clients of Participants, or delays in credit of the redemption or refund amounts owed to

Clients by Participants / the RBI, or for any non-performance of its obligations resulting from circumstances or events beyond its control.

## **9. Indemnification**

- a. By registering to Participate on the Platform, Participants shall have agreed to indemnify NSEIL and hold it harmless and keep its officers, directors, employees and agents at all times fully indemnified and held harmless from and against all actions, proceedings, claims, liabilities (including statutory liability), penalties, demands and costs (including without limitation, legal costs), awards, damages, losses and/or expenses however arising directly or indirectly, including but not limited to, as a result of:
  - i. Breach or non-performance by the Participant of any of its warranties, covenants, declarations or obligations under these Terms and Conditions, or under the Legal Framework,
  - ii. Any claim or proceeding brought by a Client against NSEIL in respect of any failure by the Participant in the performance of its obligations under these Terms and Conditions,
  - iii. Any negligent act or omission or default or misconduct or fraud by the Participant or its agents, and
  - iv. Any act, deed, omission or non-performance on the part of the Participant in connection with its use of the Platform.
- b. The indemnities provided herein shall survive the termination or expiration of the registration of the Participant with the Platform.

## **10. Investor Grievance**

- a. In case of any dispute between the Participant and the Investor arising out of their participation in any on the Platform, NSEIL shall provide necessary and suitable administrative support for the speedy redressal of the dispute through such mechanism as may be notified by NSEIL from time to time.

## **11. Reservation of rights by NSEIL**

- a. NSEIL reserves the right to, at its own discretion or upon receiving directions or instructions from any authority with competent jurisdiction to the effect, change or update these Terms and Conditions, the Operating Guidelines, and other policies governing the use of the Platform by any Participant, and the continued use of the Platform by the Participant shall constitute an explicit agreement that such use is qualified by its understanding and acceptance of the revised or modified Terms and Conditions and Operating Guidelines.

- b. NSEIL may cancel, suspend, or disclose any details, information or transactions of its Participants when inquired or requested by the appropriate and competent authorities under applicable laws.

## **12. Termination of registration of Participants**

- a. NSEIL may terminate the registration of a Participant from the Platform anytime without prior notice if required due to reasons including but not limited to non-compliance with any provisions of these Terms and Conditions, non-payment of any fees/charges, violation of mandatory requirements, directions as such under an order, injunction or decree issued by any court or agency of competent jurisdiction against any Participant that is non-appealable, the introduction of any law rendering illegal the business of any Participant, or the winding up of any Participant. Any amounts returnable to such Participant upon de-registration shall be returned after deducting any dues, claims or other amounts, as applicable.
- b. Termination of the registration of the Participant for whatever reasons shall not be deemed to result in the termination of allied covenants of the Participant arising from its participation on the Platform.

## **13. Governing law**

- a. These Terms and Conditions shall be subject to and construed and interpreted in accordance with the laws of India and all Participants who register on the Platform submit to the exclusive jurisdiction of the Courts in Mumbai for any differences/disputes that may arise between any Participant and NSEIL as to the interpretation, meaning, or effect of these Terms and Conditions, or as to the rights and liabilities of Participants, or as to any other matter relating to NSEIL's administration of the Platform.
- b. This condition shall continue to apply to Participants even after the expiration or termination of their registration with NSEIL to participate on the Platform.