**Undertaking**

*(Document to be notarized and stamped with Rs.1000/- or value prevailing in your state, whichever is higher. Please execute document of non-judicial stamp paper(s) or on paper franked from stamp office.)*

I / We \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual / a firm registered under the Indian Partnership Act, 1932 / a Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008 / a Company / Body Corporate incorporated under the Companies Act of 1956 / 2013 Act, and residing at / having my/our registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ give this UNDERTAKING on this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the **Applicant** **Vendor**) 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, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 (hereinafter referred to as **NSEIL**, which shall include its successors, permitted assigns, group, associate, affiliate, holding and subsidiary companies).

WHEREAS

1. NSEIL has been offering Colocation services (“**Colocation**”) to its Trading Members (“**TM/s**”), for the purpose of co-locating their systems on NSEIL premises subject to the condition of satisfying the relevant eligibility criteria and upon payment of a predetermined fee as prescribed by NSEIL from time to time. In Colocation, TMs are allotted half/full racks and are allowed to install any hardware/software infrastructure, at their own expense.
2. NSEIL also regulates the use of Colocation by TMs in order to ensure market integrity and security. NSEIL is now opening the Colocation facility for vendors (“**Vendors**”), subject to their satisfaction of eligibility criteria and other conditions, to provide Colocation, along with various Non-Neat Frontend (“**NNF**”) solutions (as permitted by NSE from time to time) including hardware and software, as a service to TMs. This facility is termed as Colocation as a Service (“**CaaS**”). In pursuance thereof, Vendors desirous of providing CaaS are required to apply to NSEIL seeking its permission to offer such CaaS to TMs.
3. NSEIL is desirous of permitting me/us to offer CaaS on the condition that I/we undertake to comply with the terms and conditions as described herein below.

NOW THEREFORE IN CONSIDERATION OF NSEIL allowing me / us to avail Colocation for the purpose of providing CaaS to TMs, I / we hereby IRREVOCABLY AND UNCONDITIONALLY AGREE, ACKNOWLEDGE AND UNDERTAKE the following:

1. **Eligibility Related Compliances**
2. I/we understand and acknowledge that my/our right to provide CaaS to TMs is strictly contingent on me/us not engaging in the business of trading securities directly/indirectly by and for myself/ourselves or through any of my/our subsidiaries or associate/affiliate Company or any other Company in which any of my/our directors/relatives have a direct/indirect interest. However, I /We certify that if I/we are engaged in the business of trading securities directly or indirectly through any subsidiary or associate/affiliate Company or any other Company in which any of my/our directors/relatives has a direct/indirect beneficial interest, I/we shall make full disclosure in writing of such facts to our clients.
3. That I / we shall execute, sign, and subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by NSEIL from time to time.
4. That during the term of this Undertaking, if any modification/amendment is required by NSEIL or by any regulatory authorities to be made to any of the documents mentioned in the clause above, I/We agree and undertake to make such modification/amendment, failure of which would result in termination of my right to provide CaaS. To duly inform NSEIL in writing of the occurrence of any event that may result in any change to my/our entity, or any change to the status of my compliance with any of the eligibility conditions for providing CaaS or otherwise.
5. To comply with the extant Rules, Regulations, Byelaws, Circulars, Directions, Instructions, Guidelines, Operational Parameters, Manual, etc. in whatsoever name called, including amendments and clarifications thereto, as applicable issued by NSEIL, the National Securities Clearing Corporation Limited (“NSCCL”), the Department of Telecommunication under the Ministry of Communications and Information Technology of the Government of India (“DOT”), the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”) and any other relevant authority, and make timely and proper payments of such fees/charges as may be prescribed by such authorities in relation to CaaS from time to time.
6. I/We agree and acknowledge that I/ We have complied with all statutory & regulatory provisions and paid all statutory & regulatory dues, including appropriate taxes as applicable to me/us under law.
7. I/We acknowledge and agree that any changes in the rules / regulation or processes as communicated by such authorities as mentioned in Clause 6 above shall become applicable to me / us and I/we shall comply with the same immediately.
8. Post acceptance of our application and allotment of rack/racks at Colocation by NSEIL, I/we shall apply for availing market data broadcast, Point to Point (P2P) connectivity in Colocation facility as per the form/formats as may be prescribed or required by NSEIL from time to time.
9. That I/We shall not use the NSEIL allotted Colocation rack without offering it as CaaS as a whole, or sublet to TMs exclusively or otherwise for any other purpose other than as authorized by the Exchange / SEBI from time to time.
10. That CaaS shall be provided to all TMs in a fair, transparent and equitable manner without any unfair or unreasonable restriction or discrimination.
11. That I/We shall render all possible assistance and co-operation to NSEIL by providing it with the necessary information as may be sought by it from time to time, in any form as it may require, and that I/We shall produce such documents, records, accounts, books, data, howsoever stored, as may be required by NSEIL at its discretion.
12. **Obligations as a CaaS Provider**
13. To pay NSEIL all applicable charges (annual or otherwise) in relation to CaaS, as levied by NSEIL, within 2 weeks of the receiving invoice from NSEIL in this regard (the “Invoice”), which shall be generated in the month of April each year. I/we acknowledge that interest as applicable from time to time or interest rates as communicated in the Invoice shall be levied on late payment of the Invoice, and that a separate debit note for interest on delayed payment of the Invoice shall be sent to us. I/we are aware that in case of non-compliance / non-payment of applicable fees in the prescribed timelines, NSEIL reserves the right to withdraw the Colocation facility provided to us without any notice. Further, we shall not hold NSEIL liable for any financial losses / TM grievances arising due to such withdrawal.
14. I / We agree and acknowledge that access and use of NSEIL market data including Tick by Tick, 1 second frequency 5 depth, trade execution range Broadcast data etc. provided to me / us by NSEIL via multicast (Exchange Data) is strictly restricted for commercial purposes of TMs availing CaaS. Accordingly, we undertake to ensure that the NNF Trading System shall have sufficient in built features to restrict the access and use of Exchange Data to TMs availing the CaaS. Further, I/ We shall be solely liable for any losses, liabilities, claims, demands and expenses suffered directly or indirectly by any entity due to the misuse of such Exchange Data by any TM availing the CaaS.
15. I/We agree and acknowledge that the Point to Point (P2P) connectivity links are solely within my/our purview and such connectivity are procured and maintained by me/us at my/our own cost and expense. Accordingly, any losses, liabilities, claims, demand, damages and expenses suffered directly or indirectly by any entity through the use of such P2P connections shall be my /our exclusive responsibility/liability.
16. I/We undertake to offer CaaS to SEBI registered TMs only for NNF Trading Systems or such other services as NSEIL may permit at the Exchange’s colocation facility, from time to time. Further, I/We shall strictly ensure that the NNF Trading Systems provided to TMs availing my/our CaaS are enabled only after receipt of NSEIL’s approval stating that the TM has complied with all the requirements for NNF Approval as per process stipulated by SEBI / NSEIL from time to time.
17. I/We shall provide a prototype and the technical specifications of the NNF Trading System to NSEIL for testing purposes.
18. I / we shall provide the necessary training and support to TM’s availing CaaS from us, in relation to the use and maintenance for operating the NNF Trading System and use of system outputs as specified by the TM at the time of onboarding the TM.
19. I/We shall duly inform NSEIL the list of TMs who are using CaaS provided by me/us on a periodic basis, as prescribed by NSEIL.
20. That NSEIL may request details of trading strategies used by the NNF System for any purposes viz. inquiry, surveillance, investigation, etc. and I/We undertake to furnish the same to NSEIL immediately on receipt of such request.
21. I/We shall be responsible to fix the bugs in the NNF Trading System developed / deployed by me/us immediately, if any, found at the time of testing or otherwise. Further, in case of failure or malfunctioning of our/my NNF Trading System, I/We shall rectify the problem to restore the NNF Trading System in its proper operating condition.
22. I/We agree and acknowledge that all material and information which has or will come into my /our possession or knowledge in pursuance of obtaining Colocation, shall be held in strict confidence and shall not be used for any purpose other than offering CaaS. All such material and information shall be released to my/our agents, employees or authorized representatives only on a need-to-know basis and upon obtaining the prior written consent of NSEIL. The provisions of this clause shall survive the termination of this Undertaking.
23. **CaaS Compliances**
24. ***Security/Access Related Compliances***
25. I/We shall be responsible for the NNF Trading System including the Hardware, software, servers, network components, power etc. offered to the TM’s availing CaaS from us.
26. The NNF Trading Systems offered by me/us shall have the necessary security features to facilitate orderly trading and to maintain market integrity and security.
27. That the NNF Trading Systems offered by me/us shall have all necessary security features to allow the TMs to control and authorize access of its agents/authorized representatives to the NNF trading system.
28. The NNF Trading Systems offered by me/us shall have the necessary security features to ensure that my/our employees, officers, agents, directors etc., do not have unauthorized access to the NNF Trading Systems, or any proprietary data/information of the TMs as a consequence of TMs use of the NNF Trading Systems or otherwise.
29. The NNF Trading System shall have sufficient in-built features to ensure that the TM data is maintained separately, independently and confidentially without any third party access, for each TM availing CaaS, as offered by us.
30. TM’s shall also have the option to deploy vendor provided, in-house developed, third party provided NNF software’s which shall be governed as per the terms of the mutual contract with me/us. I/We further understand and agree that NSEIL shall not be held liable for any losses, claims, damages or expenses caused to any entity due to such deployment of a vendor provided, in-house developed or third party provided NNF software.
31. ***Risk Management Related Compliances***
32. That my/our NNF Trading System along with risk management system shall be compliant with the minimum necessary requirements as prescribed by NSEIL/SEBI or any other statutory authority, from time to time.
33. The NNF Trading System developed by me/us shall contain the feature to set up and apply all necessary risk management checks and features at the individual order level and client level (including real-time risk management) as may be specified by Exchange/regulatory/statutory authorities such as SEBI/RBI from time to time.
34. The NNF Trading System as provided by I/us, shall have all necessary features to real-time identify and monitor dysfunctional algorithms (i.e. algorithms leading to loop or runaway situation) or those algorithms that may not behave as expected, generate alerts and suggest any suitable measures, including advising the TM to shut down such Algorithms. Accordingly, I / We undertake to keep NSEIL informed of all such incidents immediately. Further, if a TM does not act on my/our advice to shut down such Algorithms or take suitable measures for such misbehaving Algorithms, I/ We shall be liable for any claims, losses, damages or expenses incurred by any entity due to such dysfunctional Algorithm.
35. The NNF Trading System shall have facility to monitor order to trade ratio on real-time basis and generate alerts to the TM in case the ratio violates that threshold limit set by the TM.
36. The NNF Trading system shall release further order(s) only after accounting for all executed, unexecuted and unconfirmed orders placed earlier. Further, system shall have pre-defined parameters for an automatic stoppage in the event of algo execution leading to a loop or a runaway situation.
37. ***System Related Compliances***
38. The NNF Trading System shall tag all orders with unique identifiers as provided by the Stock Exchange in order to establish audit trails.
39. All upgrades to the NNF Trading System shall be approved by NSEIL prior to the release of such upgrades to TMs as per NNF Approval process stipulated by SEBI / NSEIL from time to time.
40. I / We have taken all due care in developing and designing the NNF Trading System so as to ensure that it does not introduce any ‘problematic conduct’ including problems in order messages generated, inappropriate high levels of order messaging traffic, wash sales etc.
41. The NNF Trading System shall be developed so as to generate and maintain logs of the following for the purpose of verification during inspection:
    * + 1. Number of Users connected to the Network at all times.
        2. Number of Dealers connected to the Network including privileges to each Dealer.
        3. All the systems logs and audit trails of the Dealer and the TM which shall include record of control parameters, orders, trades and data points emanating from trades executed through algorithm.
        4. Provision for entering complementary dummy orders.
42. Appropriate arrangements, procedures and system capabilities shall be put in place by me / us to appropriately manage capacity utilization and periodic evaluation of capacity based on historical and anticipated volumes on the systems in such a manner so as to provide consistent response time and similar latency to all the TMs who avail the CaaS from me/us.
43. The service provided by me/us shall have provisions for system back-ups and data storage as may be required by trading members.
44. 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.
45. NSEIL shall not be responsible for the development, maintenance, updates, upgrades, error fixes and other support functions in relation to our/my NNF Trading System.
46. ***Audit Related Compliances***
47. I/We undertake to have the NNF Trading System audited by CISA/DISA/CISM/CISSP certified auditors on a half yearly basis, or such intervals as may be specified by NSEIL from time to time, and submit such reports in such format and in such frequency as may be specified by NSEIL/SEBI from time to time.
48. Further, I/we shall provide a provision allowing the TM to conduct system audit by CISA/DISA/CISM/CISSP certified auditors on a half yearly basis, or such intervals as may be specified by NSEIL from time to time for submission of periodic compliance reports to the Exchange shall be provided in the Algorithm Trading System itself.
49. That in case of any deficiencies or issues being identified during any system audit of the NNF Trading System, the same shall be reported to NSEIL immediately on completion of the system audit, and that necessary corrective action shall be taken to address deficiencies/issues as may be identified during the audit.
50. NSEIL shall have the right of inspecting and testing the NNF Trading System at my/our site without any prior notice. The source code of the NNF Trading System shall be available at my/our site for verification, at all times.
51. **General Obligations**
52. I/we undertake to not hold NSEIL, or its directors, officers, employees and agents, liable or responsible for any direct or indirect loss, damage, costs, claims and expenses whatsoever, incurred by us, arising out of any force majeure event. 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 which are beyond NSEIL's control. This is without prejudice to the rights and contentions already accrued to NSEIL due to my/our failure to perform either in full or in part, my/our obligations prior to the occurrence of events of Force Majeure.
53. I/We agree and acknowledge that neither NSEIL nor its directors, managers, officers, employees or agents, guarantee the functioning of the NNF Trading System or CaaS. NSEIL and its directors, managers, officers, employees and agents, shall not be liable in any way to me/us or to any of my/our customers or to any other person, for any non-performance or interruption or accidents in relation to NNF Trading System, whether caused by software bugs, or malfunctioning of the NNF Trading System provided by me/us to the TM, or for any other reason, or for any damages which are direct, indirect, consequential or otherwise, arising therefrom or occasioned thereby. No proceedings would be initiated by me/us or any third party against NSEIL or against any individual officer or employee of NSEIL for any act done by such officer or employee of NSEIL in good faith, in their official capacity.
54. I/We shall indemnify and keep indemnified NSEIL, its directors, managers, officers, employees or agents harmless against every and all claims, demand, damages, penalty, liabilities, compensation, losses and expenses suffered by it directly or indirectly for reason of my/our contravention or non-compliance with any of the provisions of this Undertaking or the general applicable law/rules/regulations.
55. That any forbearance, delay or indulgence by NSEIL in enforcing the provisions of this Undertaking shall not prejudice or restrict the rights of NSEIL, and that any waiver of its rights shall not operate as a waiver of any subsequent breach, and that no rights, powers, remedies herein conferred upon or reserved for NSEIL are exclusive of any other right, power or remedy available to it, and that each right, power or remedy shall be cumulative.
56. That in the event of my/our non-compliance with any of the provisions as mentioned above, NSEIL shall have the right to take such disciplinary action as it deems fit, in accordance with its Byelaws, Rules and Regulations in addition to any other civil or criminal action it may initiate.
57. That NSEIL has the authority to withdraw or cancel the Colocation facility provided to us without notice or reason.
58. That any declaration or other notice to be given by me/us to NSEIL shall be sent by registered letter, facsimile transmission or email to the addresses designated for this purpose, or such other means as may be specified by NSEIL from time to time.
59. Any dispute arising out these provisions of this Undertaking shall be governed by laws of India and the Courts of Mumbai shall have exclusive jurisdiction.

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

SIGNED, SEALED AND DELIVERED BY

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

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Before me

In the presence of Witnesses

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

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