# **Format of agreement for placing G-Sec/T-Bills as collaterals**

This Agreement is made and executed at Mumbai on this \_\_\_ day of \_\_\_\_ 20.

**Between:**

NSE Clearing Limited, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“NCL”** (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the **One Part**;

And

Mr./Ms./M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, an individual/ a partnership firm / a body corporate, registered/ incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, having his /her / its office / registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“Constituent”** (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors and administrators / the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the **Other Part**.

**WHEREAS** **:**

1. Reserve Bank of India (RBI) has allowed NCL to open Constituent Subsidiary General Ledger Account (SGL Account) with it which NCL shall use for the benefit of its constituents by opening sub-accounts (SGL Sub Account) in the name of its constituents in its books of accounts.
2. The Constituent being a Clearing Member of NCL, has requested NCL to open a SGL Sub Account in its books of accounts for the purpose of transferring government securities to the SGL Account as collateral towards margin deposit/security deposit and NCL has agreed to open a SGL Sub Account in the name of the Constituent in the SGL Account maintained by it with RBI subject to the terms and conditions as mentioned herein and terms and conditions specified by NCL in its Circulars issued from time to time.
3. The parties hereto are desirous of recording the terms and conditions subject to which NCL shall open and maintain a SGL Sub Account of the Constituent.

NOW THERFORE, IT IS HEREBY MUTUALLY AGREED UPON BETWEEN THE PARTIES HERETO AS FOLLOWS:

**1. Opening of the SGL Sub Account:**

1. NCL shall open a SGL Sub Account in the name of the Constituent in its SGL Account with RBI.
2. Only government securities in demateralised form shall be permitted to be transferred to the SGL Account.
3. The government securities transferred to the said SGL Account as collateral shall not be permitted by NCL to be used by the Constituent for any purpose other than as collateral towards margin deposit/security deposit and therefore the Constituent is barred from creating any encumbrance with respect to the government securities transferred in any manner whatsoever including by way of pledge, hypothecation or lien.
4. The government securities transferred to the said SGL Account shall be dealt with by NCL as a Clearing Corporation in accordance with the Rules, Byelaws, Regulations and the Circulars issued there under from time to time.
5. The Constituent agrees and consents that NCL shall have an irrevocable authority to sell the government securities through its designated brokers at any time, even prior to maturity without notice to the constituent for recovery/adjustment of NCL dues, in case of default of the Constituent in meeting its obligations as a Clearing Member of NCL.
6. The Constituent agrees to abide by the Business Rules laid down by the NCL from time to time regarding the SGL Sub Account and as specified by NCL in its Circulars issued from time to time.
7. If RBI deducts any income tax at source (TDS) on the interest payable at the rate applicable to NCL the same will be passed on to the constituent, who may have a different tax rate. In case the Constituent desires to avail of any concession from TDS it will have to submit all requisite forms/documents to NCL within such time as required by NCL/RBI for the purpose. In such cases, NCL will try on a best effort basis to get the interest payment without the deduction.
8. Operation of the SGL Sub Account will be carried out on the written instructions received from the authorised signatories of the Constituents received by NCL at its designated office(s) as may be intimated by NCL. A fascimile received by NCL for this purpose shall also be considered a conclusive evidence of instruction.
9. NCL shall issue daily statements to the Constituent from time to time with respect to the security balances of the Constituent. The Constituent agrees to point out any discrepancies to NCL within 2 days of the receipt of the statement or else NCL shall assume the balances to be correct.
10. The Constituent shall pay the charges as may be intimated to the Constituent by NCL from time to time for the opening and maintenance of the SGL Sub Account.
11. On the failure of the Constituent to pay the charges within the prescribed time NCL shall debit the same from Constituent’s Clearing Bank account.
12. NCL shall be bound by any instruction or direction it receives with regard to operation of the SGL Account or SGL Sub Account from any regulatory, judicial or any other competent authority (s) and the opening and maintenance of the SGL Account shall be subject to the provisions of the Government Securities Act, 2006 and the Regulations made thereunder.
13. NCL shall have the right to give any information to any regulatory, judicial and/or any other competent authority whenever so required in respect of the dealings and the SGL Sub Account of the Constituent.
14. The Constituent authorises NCL to execute/submit all deeds /agreements/drafts /forms etc which NCL may have to enter into/submit on behalf of the Constituent for the proper functioning of the SGL Account or SGL Sub Account.
15. The Constituent hereby requests and fully authorises NCL to execute any indemnity, declarations, undertakings and any other deed or documents as desired by RBI or any other competent authority in respect of dematerialisation, rematerialisation, settlement, corporate action or any other action in connection with the SGL Sub Account.
16. The Constituent shall execute in favour of NCL such declarations, undertakings and any deeds including power of attorney as may be required by NCL from time to time.
17. Incase of any dispute/difference between NCL and the Constituent with respect to this agreement, the same shall be settled as per the procedure prescribed by NCL in its Circulars issued from time to time.
18. In case a Constituent maintains an account with any bank designated as a Clearing Bank by NCL, then the Constituent shall authorise NCL to debit and/or it’s funds account maintained with the designated Clearing Banks(s) from time to time for the operations in the SGL Sub Account or recovery or any other amounts due to it as and when required.
19. While handling, corporate actions, NCL shall provide credit for government securities / funds to the Constituent, as the case may be only after the same has been provided by RBI in the SGL Account of NCL.
20. **Liabilities and Indemnities**
	1. The Constituent shall indemnify and keep NCL indemnified and save harmless at all times from and against all claims, actions, demands, proceedings, costs, charges, expenses whatsoever which may be caused or caused to be incurred, suffered or paid by the NCL for any act of commission or omission by Constituent pursuant to this agreement.
	2. NCL shall have a lien or charge on all the government securities in the SGL Sub Account of the Constituent for all the monies payable and due to NCL under this agreement.

**3. Termination of the Agreement:**

**3.1** This Agreement will terminate automatically if the NCL or the Constituent are declared insolvent or any order of the court like liquidation, execution, distress or any other orders results in the assets/property of the NCL or the Constituent being attached or any Receiver appointed for the assets.

**3.2** This Agreement will terminate automatically if any arrangement is made by either party with their creditors.

**3.3** This Agreement may be terminated if either party fails to comply with or deviates from any of the declarations, representations, undertakings which they had originally agreed to do so. Either party shall give the other party 15 days written notice for termination of this agreement. However if the breach/default can be rectified then the non breaching party should give the other party atleast 30 days to rectify the same.

**3.4** The Agreement can be terminated by any of the parties giving a notice in writing for any reason/s other than the reasons stated above. Such notice needs to be given atleast 2 months in advance.

**3.5** Upon termination of the agreement and subject to the constituent paying all sum dues from it to the NCL, NCL may arrange for transfer of government securities belonging to the Constituent, if the Constituent makes alternative arrangements for holding its government securities or in such other manner as may be specified by NCL in its Circulars issued from time to time.

1. **Notice:**

Any notice or communication to be given by either party to the other party shall be given by personal delivery, courier, registered post, fax to the designated address mentioned in this agreement.

1. **Jurisdiction and Governing Law:**

Both the parties agree that the disputes if any shall be subject to the exclusive jurisdiction of the Civil Courts of Mumbai. This agreement shall be subject to the laws of India and in particular to the Government Securities Act 2006 and the Regulations made thereunder from time to time.

1. **Counterparts:**

This agreement may be entered into in two counterparts and by each party hereto on separate counterparts, each of which when so executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written, in two counterparts, one such counterpart to be retained by the Constituent and the other by NCL.

**Signed and Delivered by**

The Constituent represented by their authorised officials as authorised under Board resolution dated \_\_\_\_\_\_

Authorised signatories

1.

2.

Witnesses

1.

2.

**Signed and Delivered by**

NSE Clearing Limited represented by their authorised signatories.

Authorised signatories

1.

2.

Witnesses

1.

2.

**Note:-**

1. To be executed on a non-judicial stamp paper of Rs.600/- or the value as applicable in the state where executed
2. Page no.1 to be retyped on the stamp paper as above
3. Page no 2 –6 should be attached to the stamp paper