Annexure 5

MODEL STOCK BROKER AND SUB-BROKER AGREEMENT

This Agreement entered into this _____ day of _____ 200_ at _____ between _____, Member of the _____ Stock Exchange, ordinarily carrying on business in sale and purchase of shares and securities in the name and style of _____ from _____ (hereinafter referred to as "the stock broker") and having his/its office/registered office at …….(address), which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said entity, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the One Part;

And

_____ an entity desiring to start business as a sub broker in shares and securities in the name and style of _____ (hereinafter referred to as "the sub-broker".) and having his/its office/registered office at …… (address), which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives/the partners for the time being of the said entity, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors, as the case may be, of the Other Part;

WHEREAS the said stock broker is a member of _____ Stock Exchange {(hereinafter referred to as "the said exchange"} and also holds a certificate of registration granted under Rule 4 of the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992 (hereinafter referred to as "the said Rules) & the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as "the said Regulations"); bearing SEBI Registration Number.----------
AND

WHEREAS the sub-broker is desirous of affiliating to the stock broker and is hereby eligible for making an application for seeking recognition of the stock exchange and for grant of a certificate of registration under rule 5 of the said rules;

WHEREAS in terms of item (C) (4) the Code of Conduct for sub brokers prescribed under of Schedule II read with regulation 15 (1) (c) and regulation 17(1) (m) of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992, the stock broker and the sub-broker are required to enter into an agreement with each other specifying the scope of their authority & responsibility, in relation to the business of dealing in securities between them; AND

WHEREAS the sub-broker has declared:

(a) that he/it is presently affiliated as a sub broker with the stock broker(s) of the following stock exchanges other than the said exchange:

Name of the affiliated stock broker	Name of the stock exchange	SEBI Registration number of the stock broker	SEBI Registration number of the sub broker

and the broker(s) mentioned under column (1) of the above table has/have given 'No Objection Certificate(s)(NOC)' to the present Sub-broker to get affiliated to the stock broker & seek recognition with the said exchange and registration with SEBI.

(b) that he is not affiliated to any other stock broker of the said exchange; and

(c) that he/it has direct/indirect interest in the stock brokers/ sub brokers of stock exchange detailed hereunder:

Name & SEBI Reg. No. of Broker(s) directly or indirectly related to the sub-broker	Name & SEBI Reg. No. of sub broker(s) directly or indirectly related to the sub broker	Name & SEBI Reg. No. of broker(s) with whom the sub broker mentioned at column (2) is	Name of the stock exchange	Nature of interest (i.e. as director or shareholder) Also state % of shareholding

		affiliated		

Note 1: A Sub-broker is deemed to have direct/indirect interest in other Sub-broker (Stock Broker) for purposes of this clause, in the following circumstances:

(i) Where he is an individual, he or any of his relatives being a Sub-broker (Stock Broker), he or any of his relative being partner in a Sub-Broking firm (Stock Broking Firm), he or any of his relative being a director in a Sub-broking Company (Stock Broking Company) or he or any of his relatives clubbed together holding substantial equity in any Sub-broking Company.

(ii) Where it is Partnership Firm/Company, the relative(s) of partners/directors in the Firm/Company being a Sub-broker (Stock Broker) or being partner(s)/director(s) in a Sub-broking Firm/Company (Stock Broking Firm/Company) or the same set of shareholders holding substantial equity in other Sub-broking(Stock Broking) entity.

Note 2 : Relative for the above purpose shall mean husband, wife, brother, unmarried sister or any linear ascendant or descendent of an individual.

NOW THEREFORE this agreement witnesseth as follows:

1. The stock broker and the sub broker hereby acknowledge and confirm that the sub-broker is affiliated to the stock broker and that the sub-broker shall within the scope of the authority given under these presents, be entitled to act as a 'sub-broker' within the meaning and subject to SEBI (Stock Brokers & Sub-Brokers) Rules, 1992 and SEBI (Stock Brokers & Sub-Brokers) Regulations 1992 (the said "Rules" and "Regulations" respectively) as amended from time to time, for assisting the client in buying, selling or dealing in securities through the stock broker.

2. The stock broker and the sub broker agree that irrespective of the date of agreement, the sub broker will commence business only after receipt of registration certificate from SEBI, continue business during currency of the certificate and will stop business as a sub broker from the date of termination of the agreement.

3. The stock broker agrees that he/it shall not, except with the previous consent of the sub-broker, commit on the latter's behalf transactions in securities in excess of the amount mutually agreed upon in writing from time to time. The sub broker also agrees that he/it shall not commit transactions in securities through the stock broker in excess of the amount mutually agreed upon in writing from time to time.

4. The stock broker agrees that he/it shall not resort to unfair means of weaning away the clients of the sub broker.

5. The stock broker and the sub broker agree to share the brokerage/commission between them in terms of their mutual understanding. Provided however, the brokerage/commission payable to the sub-broker shall not exceed one and one half percent of the value of transactions carried out by the sub broker for clients.

6. The stock broker agrees to maintain a separate record including accounts in respect of the dealings in securities entered into on behalf of the individual client's dealing, with bifurcation showing the details by each of the sub brokers.

7. If any dispute arises between the stock broker and the sub-broker, the same shall as far as possible be settled with the help of the officials of the said exchange and if no such settlement is possible the parties hereby agree to refer such dispute to arbitration in accordance with the Rules, Bye-laws and Regulations of the said exchange. The stock broker and the sub-broker hereby agree that they shall co-operate with the said exchange officials and provide all relevant documents in their possession or control so as to expedite the settlement or adjudication through arbitration process.

8. The sub-broker shall inform the stock broker of any proposed material change in its status and constitution, before seeking prior approval for the same from SEBI.

9. The stock broker and the sub-broker shall be entitled to terminate this agreement without giving any reasons to the other party after giving notice in writing of not less than one month to the other party at its respective address mentioned below. Provided however that, in the event of the sub broker terminating the agreement and/or termination of the sub broker by the stock broker, for any reason whatsoever, all his clients shall be deemed to be the direct clients of the stock broker and all clauses in the tripartite agreement between the stock broker, the sub broker and

client governing the client and stock broker shall continue to be in force as it is, unless any client intimates to the stock broker or the stock broker intimates to the client his/its intention to terminate the agreement by giving a notice in writing of not less than one month.

10. Where the stock broker has terminated his/its agreement with the sub broker, the stock broker shall inform the relevant stock exchange (s).

11. This agreement shall forthwith stand terminated;

    (i) if the stock broker for any reason ceases to be a member of the stock exchange including by cessation of membership by reason of the stock broker's, death, resignation, expulsion or having being declared a defaulter or if the certificate issued by the Board is cancelled;

    (ii) upon the demise/insolvency of the sub-broker or the cancellation of his/its registration with the Board or /withdrawal of recognition of the sub-broker by the stock exchange.

12. On termination of the agreement by the stock broker, it shall be the duty of the stock broker to collect and forward the registration certificate of the sub-broker to SEBI through the stock exchange along with all the fees in arrears in respect of the sub-broker’s registration as required under Part II of schedule III of SEBI (Stock Broker and Sub-broker) Regulations 1992 and the sub-broker agrees to co-operate with the stock broker in carrying out the said duty.

13. In the event of surrender of the sub broker registration, the affiliating broker shall ensure that investors/general public are informed about surrender of registration of the sub broker. A public advertisement to that effect shall be required to be issued by the stock broker in a local newspaper where the sub broker’s Registered office, Head Office/Corporate office is situated and another in English daily news paper with wide circulation

IN WITNESS WHEREOF, the parties hereto have set their hands and signatures on the day, month and year first above written

Signed for and on behalf of		Signed for and on behalf of	
Stock Broker	**:**	**Sub-Broker**	**:**
By	:	By	:
Signature	:	Signature	:
Title	:	Title	:
Witness	:	Witness	: