



MEMBER – FRANCHISEE AGREEMENT

This agreement entered into on this _____ day of _____, 20__ at _____ between **M/S. VSE STOCK SERVICES LIMITED (“VSSL”)** a Company incorporated under the Companies act, 1956 being the member of National Stock Exchange of India Limited (NSEIL), BSE Ltd (BSE), Metropolitan Stock Exchange Ltd (MSEIL), Multi Commodity Exchange Ltd. and Depository Participant with ~~National Securities Depositories Ltd. (NSDL)~~ and Central Securities Depositories Ltd. (CDSL) having its corporate office situated at **3rd Floor, Fortune Tower, Sayajigunj, Vadodara – 390005, Gujarat, India** (hereinafter referred to as “VSSL” which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors, associates concern and assigns) of the One Part.

AND

_____ an individual / Firm / Company having its office situated at

hereinafter called as “**Authorized Person**” (hereinafter referred to as “Second Party” which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors, associates concern and assigns) of the Second Part.

Whereas VSSL is the member NSEIL, BSE, MSEIL, MCX and Depository Participant of ~~NSDL~~ and CDSL and is engaged in the business of stock broking and providing depository services.

Whereas the “Second Party” is having relevant knowledge, experience and expertise and is in possession of necessary Infrastructure for providing stock broking services to clients and is having a customer base to whom stock broking services may be offered.

Whereas the “Second Party” is desirous of getting affiliated with **VSSL** as Authorised Person (hereinafter referred to as “AP” and shall have same meaning as defined under Rules, Regulations & Bye Laws of various Exchange(s)/SEBI) with the object allowing such clients

to deal through **VSSL** for trading and dealing in stocks and securities and other financial products.

VSSL hereby agree to appoint the “Second Party” as its AP for dealing in stocks and securities and in witness whereof both the parties have decided to execute this agreement to laid down the terms & conditions which are as under:

1. That the appointment of “Second Party” shall be in the nature of Authorised Person (hereinafter referred to as “AP” and shall have same meaning as defined under Rules, Regulations & Bye Laws of various Exchange(s)/SEBI) of the **VSSL** and shall carry on only such activities as may be prescribed by **VSSL**.
2. That “AP” shall, on the execution of this agreement, deposit and keep deposited with the **VSSL** a sum of **Rs. _____ (Rs. _____)** as interest free security deposit for the entire period of this agreement for the due observance and performance of the obligations of the Authorised Person under this agreement.

and which shall be utilized/ adjusted to meet any dues payable / losses arising on account of the defaulting clients under supervision of the Authorised Person. If Authorised Person so wish he may also give securities for security deposit in addition to cash security deposit in accordance with policy prescribed by **VSSL** from time to time. The Authorised Person undertakes to monitor the adequacy of security deposit and the market value of such securities on a continuous basis. If due to price fluctuations, there is erosion in the value of the security deposit, the authorized person agrees to replenish any short fall in the value of the security deposit immediately, whether or not the **VSSL** intimates such short fall.

This security deposit shall be refundable to “AP” after the expiry of thirty six months from the date of successful surrender of “AP” registration in respective Exchange(s) after setting aside all the expenses incurred for surrender of registration and such other dues as may be found payable by the authorized person to “**VSSL**”.

Authorised Person shall bear the entire client risk and undertake to indemnify **VSSL** for any losses or bad debts incurred by **VSSL** while dealing with any clients under supervision of the authorized person. Authorized Person agrees to make payment forthwith on demand to the **VSSL** any loss or bad debts incurred by the **VSSL** under supervision of authorized person. The statement of losses prepared by **VSSL** shall be the conclusive proof & final and binding on the authorized person.

3. That the “AP” shall be entitled to a commission which shall be computed in the manner prescribed in Schedule of Charge and Sharing as enclosed vide Annexure –A.

The Brokerage / net revenues (i.e. the revenue earned after adjusting all statutory charges like transaction costs, stamp duty, turnover charges, service tax or any other

charges payable to the statutory / regulatory authorities etc.) generated from clients introduced by the authorized person shall be shared between the **VSSL** and the authorized person at rates specified in Annexure A or such other revenue sharing rates as may be mutually decided between the parties inter se from time to time.

The commission so computed shall be credited the current account of the "AP", shall be paid after deducting all the charges, bad debts, client's dues, government taxes and other levies as may be applicable from time to time, by the 10th of following month through account payee cheque in favor of "AP" OR direct credit to current account of AP.

4. That the "AP" shall carry out its business from his office situated at _____
_____ only and shall not use the name of **VSSL** from or in connection with any other location without prior written approval of the **VSSL**. In case there is any change in office address without prior approval of **VSSL**, the "AP" shall be liable to bear all such fines and penalties as may be imposed by the Exchange(s) / SEBI in this regard.
5. The "AP" shall always perform his duty in pursuance to this agreement and rules, regulations, bye laws, guidelines and circulars issued by SEBI / Stock Exchange(s) including any future additions, modifications made therein from time to time.
6. **VSSL** reserves the right to make any alteration, modifications or reversal of any terms & conditions set out in this agreement, from time to time, as may be necessary within the purview of the SEBI / Stock Exchange rules, byelaws, regulations, guidelines and circulars and same shall be binding thereon on the "AP".
7. "AP" agrees to expedite the formalities of getting himself registered as Authorised Person of **VSSL** in the respective Exchange(s) and shall not commence its dealing in shares and securities unless as AP of **VSSL** unless registration as AP is obtained from respective exchanges.
8. "AP" agrees to pay all applicable fees for processing of AP Registration Application payable to Exchange(s) and hereby authorise **VSSL** to recover the same from its security / current / trading account in case such fee has been paid by **VSSL**.
9. "AP" shall responsible for providing sufficient staff and infrastructure namely; office space, computers, printer, scanner, voice logger, Internet connectivity, telephone, electricity and power backup at his own cost.

"AP" shall ensure that the premises, from which it carries out its operations, is either self owned or has it has the legal right to use the said premises.

“AP” shall solely bear all Capital & revenue expenses incurred for running day to day operations of its office and **VSSL** shall not liable for any such expenses under any circumstances.

10. “AP” shall carry out due diligence and obtain complete identification proofs of all the staff members it employs. “AP” shall ensure the successful completion / clearing of such certification programs as may be prescribed by the Exchange(s) from time to time as a pre condition for carrying out the operations as “AP” or for the installation and operation of trading terminals.

Further “AP” shall ensure that trading terminal shall be operated either by AP himself or by the designated employee of the AP who has obtained requisite NCFM/NISM certification.

11. “AP” agrees to pay the such User ID Charges as may be set out in Schedule of Charges & Sharing enclosed vide Annexure - A and modified from time to time.
12. The Demat Charges / Inter Settlement Charges / Transfer Charges paid by **VSSL** in respect of the shares kept with VSSL as margin or in running account by the clients introduced by authorised person, shall be borne by the Authorised Person. If Authorised Person so desire he may get these charges debited to clients directly.
13. The bank charges related to branch for both side i.e Cheques issued & received shall be borne by Authorised Person. If Authorised Person so desire he may get these charges debited to clients directly.
14. ‘AP” may carry out advertising and publicity campaign in its area, if required, at its own cost and expenses, however all such advertisement and publicity material shall require prior vetting and written approval of **VSSL**.
15. “AP” shall ensure to display of Terminal details, notice boards and registration certificates at prominent places in its office at all times in prescribed format.
16. “AP” shall solely be responsible for exercising due diligence in establishing the identity, address, financial soundness and background of the clients before referring them to **VSSL**.

“AP” shall himself carry out “In Person verification” of all the clients introduced by it and ensure that Know Your Client Form and other documents are duly filled up, signed and executed by the client himself. The “AP” shall sign declaration to that effect in his own hand for each client and **VSSL** reserves the right to refuse to register any client in case AP has not given the written declaration to the effect.

17. “AP” shall ensure that all clients have provided their own email ids in the KYC Form and mandate for digital contract notes to enable **VSSL** to send digital contract notes,

statement of account for funds and securities, margin statement and other documents and in no case client's email shall be created by "AP".

18. "AP" shall be responsible for maintaining complete record all the orders placed by the clients through the terminals installed at its office namely written order placement / modification / cancellation slips duly signed by the clients or voice logs in case of telephonic orders.

The authorised person shall ensure the acceptance of telephonic order / trade instruction only on the phones on which voice loggers are installed and shall keep backups of all the voice logs in respect of trades entered in the branch. The copy of voice logs shall be sent periodically to **VSSL**.

"AP" shall be under an obligation to produce order / trade confirmations as and when demanded by **VSSL** and shall at all times indemnify and hold **VSSL** harmless against any loss, penalty and or claim arising out of any trade executed from the terminals installed in the office of "AP".

VSSL may require the AP to install or acquire connections to such centralized voice logger systems as may have been installed by **VSSL** and is hereby agree to bear such installation and recurring costs as may be decided by **VSSL**.

"AP" solemnly indemnify **VSSL** that, if he / she / it fail to keep valid proof of order placed by him / her / them on behalf of his / her / it's client(s) through his / her / it's terminal / Head Office of **VSSL** Ltd. and if any dispute(s) arises related to orders placed through his / her / it's terminal / Head Office of **VSSL** he / she / it will be solely responsible for the same.

"AP" also affirm that, he / she / it will compensate any penalty / charges / Arbitration Award imposed on **VSSL** due to non keeping proof of placing order through my terminal / Head Office of **VSSL**, I / we authorise **VSSL** to hold / adjust my/our brokerage / deposit against penalty / charges / Arbitration Award imposed on them.

19. 'AP" shall not accept any cash / demand drafts from the clients against dealing in shares and securities and make sure that no cash or demand draft is deposited in **VSSL** bank accounts.

Further the 'AP" shall exercise due diligence and care in ensuring that the all settlement / margin obligations are being received from the respective client's designated bank account through account payee Cheques / NEFT / RTGS only in favor of **VSSL** and in no case the "AP" shall accept any payment in its own name.

Any claim / penalty / loss arising due to shortfall in collection of upfront margin, mark to market margins and other dues from the clients under supervision of the "AP", shall

be recovered from the "AP" by debiting or adjusting against its deposit account / current account / trading account maintained with **VSSL**.

20. "AP" shall ensure timely delivery client's securities against their settlement / margin obligation to the Pool / Margin account of **VSSL** and in no case the 'AP" shall get client's securities transferred to its own account.

Further, any loss arising out of auction / short delivery of the securities shall be debited to the respective client. However, if such auction is resulted due to the fault of the 'AP", the loss so caused to the client / **VSSL** shall be recovered from 'AP".

21. "AP" shall maintain dispatch record of the all the physical statements, contract notes and other documents given to the clients and produce the same as and when required by **VSSL**.

22. The operations of "AP" shall be audited once in a year by the Auditor appointed by the **VSSL** in terms of rules and bye laws of respective Exchange(s) and terms and conditions set out in this agreement. The cost and expenses of such audit shall be shared between "AP" and **VSSL** equally.

Further "AP" shall be under an obligation to rectify the discrepancies observed during the audit within such time period as may be prescribed by **VSSL**.

23. "AP" shall maintain an Investor Grievance Register in the format prescribed by **VSSL** and shall record in it, all the customer complaints received by it. It shall be the duty of "AP" to attend and amicably redress investors' complaint immediately under intimation to **VSSL**.

Further, all the investor grievances received by "AP" shall be notified to **VSSL** in timely manner and **VSSL** reserves the right to initiate such actions as it may deem fit to redress the said grievance at the cost and expense to be borne by "AP".

For this purpose, **VSSL** shall have the right to mark a lien on sum equivalent to the claim amount and proposed cost to be incurred for resolving the complaint from all the amounts / securities of the "AP" lying with **VSSL** until the resolution of the complaint.

24. The Authorised Person shall not, during the subsistence of this agreement, be an Authorised Person / Sub Broker of any other member of the Exchange(s).

25. The Authorised Person shall not indulge in any deceptive, fraudulent or manipulative trade practices and shall not destabilize the market equilibrium.

26. Save as elsewhere provided in this agreement, the "AP" shall at all times be responsible for the conducts and obligations of its clients in respect of transactions done through it and shall always indemnify and keep **VSSL** harmless against any bad

debts, cost, loss, penalty suffered by **VSSL** in respect of dealing with any client serviced / introduced by the "AP" and / or any in respect of any dispute raised by any client serviced / introduced by the "AP" and / or any trade executed from the terminals allotted to "AP" and or due to any act of non compliance on the part of "AP".

27. **VSSL** shall not be liable for any force major situation over which it has no control. **VSSL** shall not be responsible for any delay or default in performance of obligations of clients and or AP due to contingencies beyond control of **VSSL** such as fire, flood, civil commotion, earthquake, riots, war, strikes, failure of systems, failure of links, government / regulatory actions or any such other contingencies which may be beyond control of **VSSL**.
28. Save as otherwise provides elsewhere in this agreement, both **VSSL** and "AP" shall have the right to terminate this agreement by giving three months notice to other party in writing.
29. This agreement shall forthwith terminate:
 - a. if **VSSL** ceases to be the Member of the Exchange(s) for whatsoever reason;
 - b. The Exchange(s) / Regulatory Authority have debarred the AP / **VSSL** or is of the opinion that allowing "AP" and or "**VSSL**" to trade is not in the interest of general public. Such opinion of the exchange shall be conclusive and binding.
 - c. If **VSSL** becomes insolvent or liquidation proceedings are commenced or winding up proceeding are initiated.
 - d. In the event of death of 'AP" or "AP" becomes insolvent or dissolved or liquidation proceedings are commenced or winding up proceeding are initiated.
 - e. The "AP" becomes ineligible to act as such in terms of the Rules, Bye Laws, Regulations or directions of the Exchange.
30. Notwithstanding any such termination under any of the clauses of this agreement, all rights liabilities and obligations of the parties arising out of or in respect of transactions entered prior to the termination of this agreement shall continue to subsist and vest in/be binding on respective parties, their legal heirs / representatives, executors, administrators, successors and attorneys as the case may be.
31. The present agreement has been executed on principal to principal basis and does not in any way create between the parties hereto the relationship of the principal and agent or the master and servant. Both the parties hereto are responsible and/ or liable/ answerable under the law of the land independently for their own acts, things or deeds during the course of their usual business. Further no vicarious liability can be levied on **VSSL** for acts or omissions of the "AP".
32. All clauses under this agreement shall be applicable to all the outlets opened by the above mentioned Authorised Person in due course of Business and Authorised Person

shall ensure to obtain prior permission from **VSSL** for opening of any new outlet under him.

33. Except in the matters which are covered by rules and bye laws of the exchanges, all disputes, differences, claims and/or questions out of this agreement between the parties and /or their respective representatives, touching these payments or any clause or thing herein contained or otherwise in any way relating to or arising these presents shall be referred to the arbitration in accordance with Arbitration and Conciliation Act, 1996 and all courts in Vadodara alone shall have exclusive jurisdiction to try and/or entertain any dispute and/or differences arising under these presents and Indian Laws are only applicable to such dispute and/or difference.

34. Notwithstanding any law for the time being in force, the Parties hereto agree that they shall institute or cause to be instituted any arbitration or other legal proceedings, if any, in the courts in Delhi only which shall have exclusive jurisdiction to try or entertain any arbitration or legal proceedings or any suit / complaints etc in respect of any matter, claim or dispute arising out of in connection with the present agreement.

In witness whereof, the parties hereto have set their hands and signature on the day, month and year first above written.

Signed for and on behalf of

Stock Broker : _____
By :
Signature:

Title: Authorized Signatory
Witness Signature:

Witness Name & Address:

Signed for and on behalf of

Authorised Person :
By:
Signature:

Title: Individual
Witness Signature:

Witness Name & Address:

Schedule of Charge

Annexure -A

1. Sharing of Brokerage

AP's share of brokerage shall computed vide Option-1 or Option-2 as may be agreed between VSSL and AP:-

OPTION - 1:

AP's Share of Commission is 80 % of Gross Brokerage and VSSL's Share is 20%.

OR

OPTION -2:

AP's Share of Commission = Gross Brokerage less Share of VSSL based on minimum % sharing of brokerage as given in table

%sharing of Brokerage to be retained by VSSL									
	NSE				BSE		MCX-SX		
	CM	Fut.	Opt./Lot	Currency	CM	F&O	CM	F&O	Currency
Carry Forward									
Intra Day									

'AP' hereby understands and agree that Brokerage charged to the clients shall be exclusive of transaction and other charges payable to the respective exchanges, regulatory authorities like SEBI/ RBI, clearing member and such other government taxes and levies (namely; GST, Security Transaction Tax, stamp Duty, etc.) as may be applicable from time to time)

2. Sharing of Depository Revenue

3. Sharing of TPP Revenue

All applicable taxes shall be deducted from the amount so payable to 'AP'.