



Maitra Commodities Pvt Ltd

MAITRA COMMODITIES PVT. LTD.

Business Partner Evaluation Form

&

Master Franchisee Agreement

Name of the Business Partner:

Terminal ID:

Location:

Date of the Agreement:

AGREEMENT

This agreement entered into on this _____ (**Agreement date**) Agree between M/s **MAITRA COMMODITIES PVT LTD**, an Indian Company incorporated under the companies act, 1956 and having its registered office at No 18. First Street, Venkatratinam Nagar Extension, Adyar, Chennai – 600020. (Hereinafter referred to as “**MCL**” 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

_____ (**Name of the Business Partner**) an individual / Firm / Company having its office _____ (**Address of the Business Partner**) hereinafter called as Business Partner (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:-

MCL is engaged in the business of Commodity Futures Trading in Multi Commodity Exchange India Ltd (MCX) and wishes to expand its business and clientele. For the mentioned purpose MCL seeks Business Partners having credibility, efficiency and experience / interest in Commodity Futures broking services for managing & soliciting its business.

MCL appoints Second Part as Business Partner as a **Franchisee / Master Franchisee** to solicit business for MCL from _____ (**Introducer Name/ code**).

In consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the following terms & conditions:

- ❖ The Business Partner shall perform his duty in pursuance to this Agreement inclusive of any further additions, modifications made hereinafter in the operating process and conveyed by the MCL to the Business Partner.
- ❖ The provisions of this agreement shall always be subject to FMC & Exchange (s) rules, byelaws & regulations that may be in force from time to time and any modification / amendment thereof.
- ❖ **MCL** reserves the right to make any modifications, renewal or reversal of any terms & conditions in the said agreement from time to time and as may be necessary within the purview of the FMC & Exchange rules, byelaws and regulations and same shall be binding thereon.
- ❖ It is agreed between the parties hereto that the brokerage and consultancy fee derived from the transactions conducted by Franchisees or clients of the Business Partner shall be shared between the Business Partner & MCL as per the terms and conditions mentioned in the **Annexure A**. Such proportion can be varied by mutual consent from time to time.
- ❖ The Business Partner shall ensure the availability of office space for setting up of trading terminal, internet connectivity etc and required office area for carrying on trading activities. This area should be sufficient to carry on broking operations and to provide better services to clients. The Business Partner shall enter into necessary arrangement with landlord in case property is not owned by him and for carrying his / her operations.
- ❖ The Business Partner shall provide sufficient staff for functioning of operations at the agreed office premises. All Legal & financial responsibilities of the staffs shall be responsibility of the Business Partner.
- ❖ **MCL** shall be responsible to provide necessary software for business functions.
- ❖ The Business Partner shall not extend trading terminals to any place other than the address mentioned in Clause – 1 through any mode of connectivity or on any terms and / or conditions without prior written permission of MCL.
- ❖ The Business Partner agrees to pay the Connectivity Security Deposit / Monthly Usage Charges / Installation Charges / Dismantling Charges (in case of surrender), Transportation Charges and Maintenance Charges as may be specified by MCL from time to time in case Leased Line / VSAT is installed at Branch office to establish the connectivity with MCL Servers and MCL. The said Leased Line / VSAT shall remain the property of MCL and Business Partner shall at all times indemnify and hold MCL harmless against (i) Loss by legal process or seizure by third parties, (ii) loss, destruction, damage, to the VSAT on any account whatsoever (iii) any claim arising out of use, operation or keeping the Vsat.
- ❖ The Business Partner undertakes to bear all capital & revenue expenses in running day to day operations & MCL shall not liable for any such expenses. The Business Partner shall ensure the

installation of various equipments such as computers, printers, scanner, telephone, fax, **voice loggers** etc for ensuring smooth operations at branch office.

- ❖ The Business Partner may carry out advertising and publicity campaign in its area, if required, at its own cost and expenses; however all the advertisement and publicity material will require prior vetting and written approval of MCL.
- ❖ The Business Partner shall exercise due diligence in establishing the identity, address, financial soundness and background of the clients before referring them to MCL. The Business Partner shall make sure of doing the In Person verification of Client either himself or through his authorized representative and ensure that Know Your Client Form and related forms & agreements are duly filled up and signed by the client in his own hands at all the designated places and MCL shall register the client only after the written approval is given by the Business Partner to the effect. Moreover MCL shall have full right to refuse registration of any client.
- ❖ Business Partner shall ensure that all the clients have filled up their own email ids in the KYC Form and mandate for digital contract notes to enable MCL to send digital contract notes, statement of account for funds and securities, margin statement and other documents.
- ❖ Business Partner shall ensure & fully responsible for prompt collection of margin / settlement obligations from clients and any shortfall in collecting upfront margin, mark to market margins & other dues from the clients under supervision of the Business Partner, shall be recovered from the Business Partner by debiting or adjusting against his / her deposit account or current account. Further Business Partner shall ensure that there is no debit / credit balancing / adjustments within the family or group without the written consent from all the person of the group or family members and prior approval from MCL.
- ❖ Business Partner shall bear the entire client risk and undertake to indemnify MCL for any losses or bad debts incurred by MCL while dealing with any clients under supervision of the Business Partner. Business Partner agrees to make payment forthwith on demand to the MCL any loss or bad debts incurred by the MCL under supervision of Business Partner. The statement of losses prepared by MCL shall be the conclusive proof & final and binding on the Business Partner.
- ❖ The Business Partner will not apply to any bank for any working capital facilities in the name of MCL.
- ❖ All contracts shall be executed in the name of MCL and all payments shall be received in the name of MCL and the said payments will be routed through MCL's bank account be crossed cheques in the name of MAITRA COMMODITIES PVT LTD.
- ❖ The Business Partner shall ensure that all trades of the clients are routed through Trading software provided by the Exchange / MCL and there shall be no off the floor transactions at branch. If any such transaction is found it shall be responsibility of Business Partner and if any action is taken or penalty is imposed by authorities, it shall be debited to the account of Business Partner.
- ❖ The Business Partner shall refrain from accepting cash / demand drafts from the clients and make sure that no cash or demand draft is deposited in MCL's bank accounts moreover the Business Partner shall exercise due diligence in ensuring that the payments are received from the respective clients through account payee cheques only in favor of MCL and in no case the Business Partner shall accept payment from his clients in his own name. Moreover no adjustment of debits and

credits between client accounts in the nature of group / family account adjustments shall be permitted and the Business Partner shall ensure the prompt recovery of all debits and settlement / margin obligations. MCL shall have the right to set off the outstanding debits in the client accounts introduced by the Business partner against the brokerage/ commission payable to Business Partner.

- ❖ The Business Partner shall ensure direct payment of funds to the account of MCL and in no case the Business Partner shall receive funds in his / her own account.
- ❖ The bank charges related to branch for both side (i.e) cheques issued & received shall be borne by Business Partner. If Business Partner so desire he may get these charges debited to clients directly.
- ❖ The Business Partner 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 office. The copy of voice logs shall be sent periodically to MCL.
- ❖ The Business Partner shall ensure the display of notice boards / registration certificates at prominent places in the branch office at all times.
- ❖ The premises shall be audited once in a half year by a chartered accountant and the expenses of audit shall be shared between member broker & Business Partner.
- ❖ It shall be the duty of Business Partner to attend & solve investors' complaint & grievances immediately and maintain the record of the same at branch office. If required Business Partner can take help of MCL to resolve the grievance of investor. In case the Business Partner fails to redress the investor grievance in timely manner MCL reserves the right to initiate such actions as it may deem fit to redress the investor grievance at the cost of the Business Partner and MCL may block a sum equivalent to the claim amount and proposed cost to be incurred for resolving the dispute from the all amounts / securities due to the Business Partner whether deposited in the form of security with MCL and or payable to him as commission etc.
- ❖ The Business Partner shall at all times indemnify and hold MCL harmless against any loss suffered by the MCL in legal process or otherwise in respect of any dispute raised by any client introduced by the Business Partner.
- ❖ Business Partner shall bear the entire client and franchisee (introduced by him) risk and undertake to indemnify MCL for any losses or bad debts incurred by MCL while providing service to clients and franchisee under supervision of the Business Partner.
- ❖ In the case of Arbitration and any legal claims filed by clients (introduced by Business Partner) against MCL, the Business Partner shall Bourne all the costs involved.
- ❖ The Business Partner will not give any commitment of whatsoever nature or contracts to any person on behalf of MCL. MCL shall not be held responsible for any such commitments given by the Business Partner.
- ❖ The Business Partner agrees that he will not guarantee on behalf of the MEMBER or on his/her personal capacity of any assured profits or assured returns to any of the Sub broker / Client

introduced by him/her. MCL shall not be held responsible for any such commitments given by the Business Partner.

- ❖ The Business Partner will have to bear the Profit / Loss incurred on the account of transactions due to punching errors / miscommunications in client's orders due to any technical errors.

➤ **Revenue sharing / Introductory Fees:**

- ❖ 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 Business Partner shall be shared between the MCL and the Business Partner 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.
- ❖ MCL shall issue cheques against the credit lying in the commission account of the Business Partner, after deducting the taxes, provisions for bad debts / client's dues and other government levies as may be applicable from time to time, by the last working day of the month in respect of brokerage generated in preceding month (eg.26/7/2012 – 25/8/2012).
- ❖ The Business Partner agrees not to disclose any investment or personal details of confidential nature of any clients or of MCL/Clients to any other person.
- ❖ MCL shall not be held responsible for delay or default in performance of obligations of clients due to contingencies beyond control of MCL 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 MCL.
- ❖ The Business Partner shall not, during the subsistence of this agreement, be an Business Partner / Sub Broker of any other member of the Exchange(s).
- ❖ The Business Partner shall not indulge in any deceptive, fraudulent or manipulative trade practices and shall not destabilize the market equilibrium.
- ❖ The MCL and Business Partner shall have the right to close the operations after giving one month's notice to other party. Besides above MCL shall have the right to close the operations of branch without giving notice in the event of a material default by branch / Business Partner.

➤ This agreement shall forthwith terminate:

- ✓ If the MCL ceases to be the Member of the Exchange for whatsoever reason;
- ✓ The exchange is of the opinion that allowing Business Partner to trade is not in the interest of market or Exchange. Such opinion of the exchange shall be conclusive and binding.
- ✓ If MCL becomes insolvent or liquidation proceedings are commenced or winding up proceeding are initiated.
- ✓ If the Business Partner expires or becomes insolvent or dissolved or liquidation proceedings are commenced or winding up proceeding are initiated.
- ✓ The Business Partner becomes ineligible to act as such in terms of the Rules, Bye Laws, Regulations or directions of the Exchange.

- ✓ Notwithstanding any such termination under clauses 37 & 38 above 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.
- ✓ The provisions of the Bye Laws and Regulations of the Exchange pertaining to Arbitration in respect of disputes between member and its client shall apply to all disputes as between MCL and the Business Partner and the Parties hereto agree that they shall accept and abide by the Arbitration Awards.
- ✓ The relationship between MCL and the Business Partner shall be of principal to principal. The Business Partner shall be responsible for its own statutory liabilities like income tax, PF of its employees etc.
- ✓ All clauses under this agreement shall be applicable to all the outlets opened by the above mentioned Business Partner in due course of Business and Business Partner shall ensure to obtain prior permission from MCL for opening of any new outlet under him.
- ✓ 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 Chennai 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.
- ✓ 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 Chennai 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.
- ✓ **Margin, Exposures & Square-Off:** Client Margin, exposures & MTM square off would be executed as per our RMS policy attached as **Annexure B**

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
FOR MAITRA COMMODITIES PVT LTD
By:

Signed for and on behalf of
Sub Broker:
By:

Title: Authorized Signatory

Title: Individual

Witness Signature

Witness Signature

Witness Name & Address:

Witness Name & Address:

Memorandum of Understanding

For the purpose of setting up Master Franchisee /trading outlets at **Chennai** entered in to on _____(**Agreement date**)by and amongst the following parties:

- 1) Maitra Commodities Private Limited, having registered office at No.18, 1st Street Venkatratinam Nagar Extension. Adyar Chennai – 600020.
- 2) _____(**Name of the Business partner**)

The Understandings reached are as under:

1. Deposits

The Master Franchisee agrees to pay a sum of **Nil** per segment as refundable security deposit to Maitra Commodities Pvt Ltd.(As per the AP Agreement)

Each franchisee coming under the master franchisee should give **Nil** per segment as refundable security deposit to Maitra Commodities Pvt Ltd.

(Based on the client's individual performance & exposure the Refundable security deposit will be increased for the franchisee for the purpose of Risk Mitigation)

2. Surveillance & Compliance

Surveillance & Compliance would be as the norms of the Company from time to time. Surveillance to be controlled. Maitra Commodities Private Limited will implement auto square on all clients and Franchises introduced at 80 % MTM unless there is a specific request from **Branch Manger** or his authorized representative by e-mail. In any case MTM and trading margins are to be collected & paid on time. M/s Maitra Commodities Private Limited Reserves the right to cut limits in case payments are not credited on time. All efforts shall be taken to ensure that uncovered debits do not occur. However if uncovered debts occur due to whatsoever reasons **Branch Manager** shall be responsible for the same, and hence shall be retained / appropriate out of the amount payable as remuneration as per this MOU. (The Franchisee & the Master Franchisee agrees to abide by the Risk Management Policy as updated by Maitra Commodities Pvt Ltd from Time to Time).

3. Account Opening

Application forms and other forms that may be sent to franchisees may after completion be sent directly to **Maitra Commodities Private Limited**. Cost of the application form (Rs 150/- each)

will be debited to franchisee at the time of dispatch. Clients will be debited with account opening charges as applicable.

4. Connectivity & Software Charges

Connectivity charges & Software charges are payable as applicable. (As per Member Franchisee Agreement)

5. Brokerage Sharing

As per Annexure C

6. General Points

- a) Minimum brokerage chargeable to the clients & SUB BROKERS will NOT BE come under master franchisee sharing
- b) Surveillance & compliance to be generally strict.
- c) The franchisees to be responsible for all actions, debits & / or defaults of any client under his family.
- d) The franchisees agrees that he will not guarantee on behalf of the MEMBER or on his/her personal capacity of any assured profits or assured returns to any of the Sub broker / Client introduced by him/her. MCL shall not be held responsible for any such commitments given by the Business Partner.
- e) The franchisees will have to bear the Profit / Loss incurred on the account of transactions due to punching errors / miscommunications in client's orders due to any technical errors.

ANNEXURE A

1. BUSINESS PARTNER And MCL hereby agree that Brokerage charged to the clients shall be exclusive of statutory charges prescribed by the respective exchange MCX or regulatory authorities like FMC such as the services tax, transaction charges, transaction turnover tax, stamp duty, etc. BUSINESS PARTNER and MCL hereby agrees that BUSINESS PARTNER shall be entitled to brokerage structure as follows:

Method No. A

Fixed/Sharing Brokerage Structure:

Volume Commitment:

Terms and conditions:

If the franchisee is coming under sharing ratio scheme then Clients of that franchisee's brokerage should be more than 1000rs/ crore.

ANNEXURE B

Risk Management Policy

PREAMBLE

MAITRA COMMODITIES PVT LTD is a Trading member of Multi Commodity Exchange of India (MCX) is regulated by the FMC through their respective byelaws, rules and regulations.

In the course of conducting its broking business, **MAITRA COMMODITIES PVT LTD** is exposed to variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and ongoing oversight.

The risk management framework of **MAITRA COMMODITIES PVT LTD** for its Commodity Futures broking business is based upon the different client segments, applicable settlement mechanism of FMC/Stock Exchange regulations. We set out below the principles of our risk management framework:

RISK MANAGEMENT POLICY

- ❖ Every client is registered with us after due completion of designated KYC and satisfactory identification. Detailed information of every client is recorded before commencing transaction for any new client.
- ❖ Initial margin is collected from the respective client and accordingly trading limit is provided to each client.
- ❖ Exposure / Limits are set for each respective client on the basis of deposits / credits available and are being monitored on real time basis.
- ❖ Real time client-wise Risk Management is done, along with control on margin & MTM obligations.
- ❖ Trading in Tender period has been restricted as a precautionary measure against Spot Delivery Settlement Transactions, against strict surveillance.
- ❖ Intraday Positions will be squared off when the MTM reaches 80% of the cleared ledger balance.

POLICY FOR DORMANT CLIENTS

- ❖ Any dormant client (Inactive for Trading for 6 Months) will be re-activated by confirming his/her identity proof by branch head/in-charge and/or head office staff.
- ❖ It will be mandatory to provide proper identity proof in original to re-activate any dormant client prior to trading.

MARGINS

- ❖ Minimum Margin required at the time of account opening is Rs 25000.00, adequate margin required for Carry forward positions on T-1 basis.
- ❖ Required Span Margin would be calculated and blocked on the system of RMS on the Real-time basis based on the Order placed by the client.
- ❖ Clients are eligible to top-up their margin amount between 10001.00 to 13000.00 during Market hours. If they are not able to top-up their Margin, would be forced to only SQ-OFF mode at below margin of 10000.00 and the next day would not be allowed for Trading.

EXPOSURE

- ❖ Exposure shall be based on Ledger balance availability of Client's Trading Account and it would be "5 X" by default.
- ❖ **No Adhoc margin shall be provided.**
- ✓ For exposure against un-cleared cheques, prior approval is required from respective authorities as Follows:
 - ✓ Up to Rs.50,000 – RMS Head
 - ✓ Above Rs.50,000 – Managing Director

SQUARE-OFF

Intra Day:

- ❖ All outstanding intraday position shall be squared off daily at 11.15 pm at Market rate.
- ❖ All pending orders shall be cancelled prior to Intraday Square off execution.
- ❖ For all orders not executed after running the 1st intraday square off @ 11.15/11.40pm for whatsoever reason further 2nd intraday square off shall be executed @ 11.30/11.55pm a market rate as defined above.

MTM

- ❖ Margin erosion (MTM) alert message will be sent to the relevant Terminal of mapped client from 60% and on every 10% incremental levels.
- ❖ 80% Alert for Margin erosion (M2M) Informing client about Client in Square-off mode only.
- ❖ Depends on the market volatility, Square off percentage will be varying.

ACTION LEVELS:

- ❖ On 70% Margin erosion (M2M), Client will be put in square-off mode and client shall not be able to take any further new position.
- ❖ On 80% Margin erosion (M2M), M2M square off will be executed from HO-RMS department at Market rate.
- ❖ After the execution of Sq-off, the client would not be allowed to place an order until he get Approval from the Top Level Authorities of MCL.

Maitra Commodities (P) Ltd

“KGYES PAVITHRAM”, Flat-F2, 1st Floor, D.No 34&36,7th Avenue, Besant Nagar, Chennai-600020

Date :
Name :
Address :
Contact No :
E- Mail Id :
Terminal Id :
CTCL Id :
Software Charges : Nil
Brokerage Ratio :
Deposit :
Intraday Exposure : 5X (by default)
Documentation Charges :
Branch Manager/Introducer Name :

Name of the Business Partner:

For Maitra Commodities (P) Ltd:

Signature of the Business Partner

Name & Signature