



Mercantile Exchange Nepal Limited  
— Where the Nation Trades —  
AN ISO 9001:2015 CERTIFIED EXCHANGE

# BROKER-CLIENT AGREEMENT

This Client Registration Agreement ('Agreement') is signed and executed at \_\_\_\_\_ (Place),  
on \_\_\_\_\_ (Date) of Calendar Bikram Sambath corresponding to \_\_\_\_\_ (Date) of Gregorian calendar,

**BETWEEN**

\_\_\_\_\_ [Name of Broker]

**&**

\_\_\_\_\_ [Name of Client]

Both 'Broker' and 'Client' individually referred to as a 'party' and collectively as 'parties' and the expression 'Broker' and 'Client', unless repugnant to the context or meaning thereof, shall be deemed to mean and include its successors, legal representatives, and permitted assigns.

## WHEREAS

- A. Broker is licensed Broker of Mercantile Exchange Nepal Limited ("Exchange")
- B. Client is desirous of registering as a client in the Exchange through the Broker for trading in commodities and other instruments and has submitted its application and other documentation required for registration to the Broker.
- C. Broker is satisfied with the personal and financial information furnished by the client and agreed to grant registration subject to the terms and conditions of this agreement.

## NOW IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS

### 1. Registration as a Client

- 1.1 Broker hereby grants registration to the client, subject to the terms and conditions of this Agreement.
- 1.2 Registration shall be effective from the date of this Agreement and shall continue to be valid unless terminated in accordance with the terms of this Agreement.

### 2. Representation of the Client

- 2.1 That the information furnished by the client for registration is true and correct and he has the financial resources and capacity to trade in the Exchange.
- 2.2 That the client has read and understood the contents of the Bye Laws, Rules and Regulation of the Exchange and agrees to abide by the same. The Client has also read and understood the Risk Disclosure Document annexed to this Agreement.
- 2.3 That the client has understood the various risk involved in trading and the Broker has explained and educated the client in his mother tongue about the nature of risk and possibility of losses that may arise from the trade, including his sole responsibility for any loss suffered to him on his trading account in the Exchange.
- 2.4 That the client shall pay the fee and service charges and margin required for trading in advance to the Broker and shall pay all amounts towards settlement of trade executed by him. Any money deposited or lying in his account shall be held subject to a general lien for the discharge of the Client's obligations to the Broker and the Exchange or its Clearing House under this agreement.
- 2.5 That the client authorize the Broker at its sole discretion, shall deem it necessary for the Broker's protection, to buy, sell or close out any part or all of the contracts held in its account or transfer any part or all the contracts to another Clearing Member or to Clearing House/Exchange. The Client also agrees to reimburse any or all such incidental expenses incurred by Broker in this regard.
- 2.6 That the client shall not involve or attempt to involve in any unfair or unethical trade practices while trading in the Exchange.
- 2.7 That the client shall not make the Broker responsible and liable for any loss suffered to him on account of any trading conducted by the Broker under its authorization and instruction.

### 3. Representation of Broker

- 3.1 Upon registration and receipt of the prescribed margin and service charges, the Broker shall intimate the Clearing House to provide online connectivity to the client to use the ATS of the Exchange for trading.
- 3.2 Broker shall also ask the Clearing House to provide a statement of accounts and trade conducted by the client, as and when requested by the Client.

Client's Signature: \_\_\_\_\_ Broker's Signature & Seal: \_\_\_\_\_

#### 4. Indemnity

The Client shall indemnify the Broker for any loss and damage suffered by the Broker on account of Client's default, delay, laches, omission, or non compliance of Bye-Laws and Rules or direction of the Exchange & its Clearing House. The Broker shall be indemnified by the Client from its deposits and funds for all costs, losses and expenses incurred by the Broker.

#### 5. Termination

- 5.1 Either party may by giving 30 days (Thirty) written notice to the other party, terminate this agreement.
- 5.2 Termination shall not have any effect on the rights and obligation of the parties accrued prior to the date of termination and also the liabilities of the parties to the Clearing House and Exchange under the Bye Laws and Rules of the Exchange.
- 5.3 Notwithstanding the above, Exchange, Clearing House, Clearing Member and Broker shall have the right to cancel the registration and terminate this Agreement forthwith and without any notice, if client commits any defaults or acts against the interest of the Exchange or its Clearing House or the laws of the Country.
- 5.4 In the event of the death or insolvency of the Client or the Client is otherwise becoming incapable of settling the transactions, the Broker may with the approval of the Exchange, request the Clearing House to close out the transaction of the Client and the Client or his legal representative shall be liable for any losses, costs, damages including statutory and regulatory charges, if any and also be entitled to any incidental expenses which may result there from.

#### 6. Applicable Law and Jurisdiction

This agreement and all the transactions and contracts executed under this Agreement shall be subject to the Rules and Bye Laws of the Exchange and court of Kathmandu shall have exclusive jurisdiction to try any dispute under this Agreement, irrespective of the place of trading and location of the client.

#### 7. Dispute Settlement

- 7.1 Parties shall use their best efforts to amicably settle any dispute, controversy or claim arising out of the Agreement or the breach, termination or invalidity thereof.
- 7.2 Any dispute, controversy or claim arising out of the Agreement, which cannot be settled amicably, shall be referred and settled through a sole arbitrator appointed by the Exchange in accordance with Arbitration Rules of the Mercantile Exchange Nepal Limited. The language of the Arbitration shall be in English and the arbitration shall be held at the premise of the Exchange or any other place prescribed by the Exchange in Kathmandu.

#### 8. Language

The parties may translate this agreement in to any other language, however the English version of this agreement shall prevail over any other language.

#### 9. Declaration

Declaration by the Client in his mother tongue that he has fully understood the contents of this Agreement, Bye Laws and Rules of the Exchange, Risk Disclosure Document and the possible risk and losses that may occur while trading in the Exchange.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In WITNESS THEREOF, the parties to this agreement have caused these presents to be executed as of the day and year first above written.

#### **BROKER**

Name: \_\_\_\_\_ Registration No.: \_\_\_\_\_

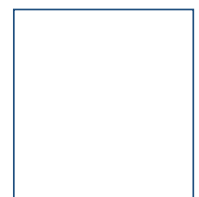
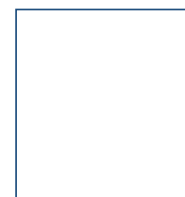
Signature: \_\_\_\_\_ Designation: \_\_\_\_\_ Seal: \_\_\_\_\_

#### **CLIENT**

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Fingerprint:



*(Seal, If Institution)*

#### **Witness**

1. \_\_\_\_\_

2. \_\_\_\_\_

*Right*

*Left*



[THIS DOCUMENT SHOULD BE READ, ACCEPTED AND SIGNED BY EACH AND EVERY PROSPECTIVE CLIENT BEFORE ENTERING INTO ANY TRADING ACTIVITIES ON THE EXCHANGE AND SHOULD BE READ IN CONJUNCTION WITH THE BYE LAWS AND RULES OF MERCANTILE EXCHANGE NEPAL LIMITED (Exchange)]

1. This brief statement of risks does not disclose all of the risks and other significant aspects of trading in the Exchange. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts and the relationship arising there from into which you are entering and the extent of your exposure to risk. Risk of loss in trading can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Trading thus requires not only the necessary knowledge and financial resources but also the financial and emotional temperament. In case of any consequences or loss in trading on the Exchange, the client agrees that he/it shall be solely responsible for such loss and the Exchange & its Clearing House shall not be responsible for the same and it will not be open for any client to take the plea that no adequate disclosure was made or he was not explained the full risk involved in trading. The client will be solely responsible for the consequences and no contract can be rescinded on that account.

#### RISKS INVOLVED IN TRADING ON THE EXCHANGE

2. Effect of "Leverage" the amount of margin is small relative to the value of the contract so the transactions are 'leveraged' or 'geared'. Trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in trading also carry a high degree of risk. You should therefore completely understand the following statements before actually trading and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin equivalent to the principal investment amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.
3. Trading involves daily settlement of all positions. Every day the open positions are mark to market based on the closing level of the index. If the index has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading next day.
4. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Clearing House may liquidate a part of or the whole position or substitute commodities. In this case, you will be liable for any losses incurred due to such Close Outs.
5. Under certain market conditions, a client may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc
6. In order to maintain market stability, the following steps may be adopted changes in the margin, increases in the cash margin rate or others. These new measures may be applied to the existing open positions. In such conditions, you will be required to put up additional margins or reduce your positions.
7. You must ask your broker to provide full details of the contracts you plan to trade i.e. the contract specifications and the associated obligations.

#### Risk-reducing orders or strategies

8. The placing of certain orders (e.g., "stop-loss" orders, or "stop-limit" orders), which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions may be as risky as taking simple "long" or "short" positions.

#### Suspension or restriction of trading and pricing relationships

9. Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contact month because of price limits or "circuit breakers") may increase the risk of loss due to inability to liquidate/offset positions.

#### Deposited cash and property

10. You should familiarize yourself with the protections accorded to the money or other property you deposited particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In case of any dispute with any other Customer or Member or Clearing House or Exchange the same shall be subject to arbitration as per the Arbitration Rules of the Exchange.

#### Commission and other charges

11. Before you begin to trade, you should obtain a clear information of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### Trading facilities

12. The Exchange offers only electronic trading facilities (online trading facilities), which are computer-based systems for order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider and the market. Such limits may vary; you should gather yourself information from the Broker for details in this respect.

*Note: This document does not disclose all of the risks and other significant aspects involved in trading in the Exchange. The client should therefore study himself/itself the procedure and risk involved in trading in the Exchange carefully before becoming involved in it.*

I/We hereby acknowledge that I/We have read and understood the risk associated with trading in the Exchange and also the contents of the above risk disclosure statement.

(जोखिम प्रकटिकरण दस्तावेजका सबै विषय वस्तु र त्यसको अर्थ मलाई /हामीलाई मेरो/हाम्रो ब्रोकरले स्थानीय भाषामा बुझाएको छ र म/हामी त्यसको पालना गर्न सहमत छु/छौं ।)

\_\_\_\_\_  
Applicant [Authorized Signature]

(Seal, If Institution)

Date: \_\_\_\_\_

In the presence of Authorized Representative of Broker

Signature \_\_\_\_\_

Seal: \_\_\_\_\_

Date: \_\_\_\_\_