

**SECOND ADDENDUM TO THE AGREEMENT**  
*executed between NCCPL and Clearing Member*

THIS SECOND ADDENDUM TO THE AGREEMENT is made on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

**BETWEEN**

**NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED**, a company incorporated under the Companies Ordinance, 1984 and having its registered office at 8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi (hereinafter referred to as the “Company”, which expression shall, where the context so admits, include its successors and permitted assigns), of the One Part;

**AND**

\_\_\_\_\_ having offices at \_\_\_\_\_  
\_\_\_\_\_ (hereinafter referred to as the “Clearing Member”, which expression shall, where the context so admits, include its successors and permitted assigns, and, where the Clearing Member is an individual, his heirs, executors, administrators and personal representatives), of the Other Part;

**WHEREAS:**

- (1) The Company has been formed under the authorization of the Securities and Exchange Commission of Pakistan and, in terms of such authorization, has established a National Clearing and Settlement System (hereinafter referred to as “NCSS”) for the settlement of contracts and transactions in respect of securities and Margin Trading System (hereinafter referred to as “MTS”) to facilitate financing for MT Eligible securities (NCSS and MTS are hereinafter collectively referred to as the “NCC Systems”);
- (2) The Company has been registered as an Authorised Intermediary under the Securities (Leverage Markets and pledging) Rules, 2010 (hereinafter referred to as the “Rules”) and pursuant to such registration, has established a platform to facilitate transactions related to Margin Trading System)
- (3) The Clearing Member has already been admitted as a “Clearing Member” by the Company under the National Clearing Company of Pakistan Limited Regulations (hereinafter referred to as the “NCCPL Regulations”, which term shall include all amendments, modifications and additions made therein from time to time and any new Regulations made in substitution therefore);
- (4) The Clearing Member is entitled to avail financing in MTS as a “Finanee” and pursuant to Regulation 7.2.3(4) is required to enter into this Addendum to the Agreement already executed between the Company and the Clearing Member (as amended the “Agreement”).

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Parties hereto agree and declare as follows:

1. Amendments

All references to “Clearing Member” shall henceforth be read to include its capacity as the Finnee in respect of Margin Trading System, unless the context requires otherwise.

2. Margin Trading System

Subject to the compliance with all requirements of Rules and NCCPL Regulations, MTS Portal will be made available by the Company to the Clearing Member and access to all MT Transactions and MT (R) Transactions for MT Eligible Security for the purpose of availing financing in the MTS shall only be through the MTS Portal.

3. Company’s functions and liability

3.1 Subject to Clause 3.1 to 3.7, the Company in its role as the Authorised Intermediary shall act as a common agent of MT Participants for settlement of the MT Contracts between the MT Participants and for delivering securities to and receiving securities from and for receiving or paying any amounts payable to or payable by such MT Participants in connection with any of the MT Contracts and to do all things necessary or proper for carrying out the foregoing purposes in accordance with the NCCPL Regulations without incurring any liability or obligations either as a principal or as agent, fiduciary or trustee of the Clearing Member or his clients.

3.2 The only obligation of the Company with regard to the settlement of the MT Transactions and MT (R) Transactions shall be to facilitate the delivery and payment in respect of such transactions between the MT Participants in accordance with the Regulations. The Clearing Member acknowledges and confirms that the Company shall not be responsible for:

- (a) the title, ownership, genuineness, regularity or validity of any security or any other documents or instrument passing through the NCSS;
- (b) the execution, genuineness, validity, enforceability or sufficiency of any agreement or any other document relating thereto;
- (c) the collectability of amounts payable in respect of MT Contracts;
- (d) the financial condition of any MT Participant;
- (e) the performance and observance by MT Participants of their obligations under the agreements or any other documents executed between them in respect of MTS; or
- (f) the accuracy of any statements (whether written or oral) made by a MT Participant in or in connection with any agreement or documents in respect of MT Contracts.

3.3 Clearing Member confirms to the Company that it has made its own independent investigation and assessment of the financial condition and affairs of the concerned MT Participants in connection with its participation in the MTS and has not relied on any information provided to it by the Company in connection with the MTS.

3.4 The Company’s obligation to make payments to the Clearing Member is conditional upon it receiving the applicable payment and the Clearing Member shall have no recourse to the Company if the Company has not received the corresponding payment. The Company shall have no obligation to pay any amount except to the extent that the Company has received such corresponding payment, it being acknowledged and agreed by the Clearing Member that the credit risk assumed by the Clearing Member in relation to their participation in the MTS is that of the counterparties of the respective MT Contracts.

3.5 The Company’s obligation to deliver securities to Clearing Member is conditional upon it receiving such securities and the Clearing Member shall have no recourse to the Company if the Company has not received such securities. The Company shall not have any obligation to deliver securities except to the extent that the Company has received such securities, it being acknowledged and agreed by the Clearing Member that the performance risk assumed by the Clearing Member in relation to their participation in the MTS is that of the counterparties of the respective MT Contracts.

- 3.6 The Clearing Member hereby agrees and acknowledges that all Margin Trading Contracts shall be facilitated by the Company by acting as an Authorised Intermediary for the respective Margin Trading Participants, which are underlying parties to a MT Contract and the Finantee will not be able to access the identity of the underlying counter-party to any of the MT Contract.
- 3.7 The Clearing Member hereby agrees and acknowledges that:
- (a) notwithstanding the Company's position of an Authorised Intermediary, liability of the Company in acting in its capacity as the Authorised Intermediary is limited to the performance of its obligations under the NCCPL Regulations and the Company shall have no liability towards the Clearing Member or any other MT Participant for any losses that may remain outstanding after the completion of the closing out procedure in accordance with NCCPL Regulations or any other losses or expenses that may be incurred by the Clearing Member in connection with its participation in the MTS.
  - (b) the Company is entitled to withhold or defer payments due to the Clearing Member in order to facilitate the clearing and settlement of MT Contracts in case of default by any MT Participant.
  - (c) the Company is entitled to allocate losses as contemplated by NCCPL Regulations and the Clearing Member shall have no recourse against the Company in this regard.
- 3.8 The representations, warranties and confirmations of the Clearing Member set out in this Agreement:
- (a) are made on the date of this Agreement; and
  - (b) are deemed to be repeated by the Customer on the date of each MT Transaction and MT(R) Transaction to which the Clearing Member is a party.
- 3.9 Clearing Member acknowledges that the Company has entered into this Agreement in reliance on the representations, warranties, confirmations and covenants set out in this Agreement.

#### 4. Margins and deposits

The Clearing Member hereby agrees and undertakes to deposit with and pay to Company all margins and Marked-to-Market Losses as demanded by the Company from time to time in accordance with the NCCPL Regulations.

#### 5. Lien on Deposits

The Clearing Member hereby creates and grants to the Company a first and paramount lien and pledge, with a right of sale and set off in each case on and in respect of all monies, MT Eligible Securities and other securities and assets deposited by the Clearing Member by way of Security Deposit, Exposure margins, Marked-to-Market Losses, Liquidity Margins and Concentration Margins under the NCCPL Regulations, for any sum due to the Company by the Clearing Member and for the due fulfillment of Clearing Member's engagements, obligations and liabilities arising out of or incidental to any MT Transactions and other contracts made subject to the NCCPL Regulations or anything done in pursuance thereof. The Clearing Member further agrees that all amounts payable by the Company to the Clearing Member and by the Clearing Member to the Company in respect of MT Transactions and Contracts are mutual dealings and in case of insolvency of the Clearing Member shall be netted off against each other.

#### 6. Effectiveness

This Addendum shall become effective with effect from the implementation of MTS as notified by the Company.

#### 7. Representations and Warranties

The Clearing Member hereby represents and warrants that:

- (a) all representation and warranties contained in the Agreement true and correct as at the date hereof;
- (b) it has the power and authority to execute and deliver this Addendum and to consummate the transactions contemplated hereby. The execution and delivery by it of this Addendum, and the consummation by it of the transactions contemplated hereby, have

been duly authorized by all necessary corporate action and do not require the consent or authorization of any governmental entity or other person. Each of the representatives of the Clearing Member signing this Addendum has full power and authority to execute this Addendum in such representative's indicated capacity. Upon its execution and delivery, this Addendum will be duly executed and delivered and will constitute a valid and binding obligation of the Clearing Member, enforceable in accordance with its terms.

8. Miscellaneous

8.1 Except as expressly provided herein, no other provision of the Agreement is amended; the Agreement (as hereby amended) remains in full force and effect; and any reference to the Agreement, whether in the Agreement or in any other agreement to which the Clearing Member and the Company are parties, shall be construed as a reference to the Agreement as amended by this Addendum.

8.2 Nothing in this Agreement shall be construed or interpreted as operating as a novation with respect to the Agreement.

8.3 This Addendum shall be governed by the laws of Pakistan and the courts at Karachi shall have the jurisdiction to adjudicate upon all the disputes arising in connection with this Addendum.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year above written.

\_\_\_\_\_  
For: NATIONAL CLEARING  
COMPANY OF PAKISTAN LIMITED

\_\_\_\_\_  
For: **FINANCEE CLEARING MEMBER**

Mr. \_\_\_\_\_

Mr. \_\_\_\_\_

**Witnesses:**

**Witnesses:**

1. \_\_\_\_\_  
NIC# \_\_\_\_\_  
Name: \_\_\_\_\_

1. \_\_\_\_\_  
NIC# \_\_\_\_\_  
Name: \_\_\_\_\_

2. \_\_\_\_\_  
NIC# \_\_\_\_\_  
Name: \_\_\_\_\_

2. \_\_\_\_\_  
NIC# \_\_\_\_\_  
Name: \_\_\_\_\_