

FOURTH ADDENDUM TO THE AGREEMENT
executed between NCCPL and Clearing Member

THIS FOURTH ADDENDUM TO THE AGREEMENT is made on this ____day of _____, 2011

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 transaction;
- (2) The Company has been registered as an Authorised Intermediary under the Securities (Leveraged Markets and Pledging) Rules, 2011 (hereinafter referred to as the “Rules”) and pursuant to such registration, has established a platform to facilitate transactions and contract related to securities lending and borrowing (hereinafter referred to as “SLB System”) and to facilitate lending and borrowing of SLB Eligible Securities;
- (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 being admitted as a “SLB Participant” by the Company under the NCCPL Regulations and the Clearing Member 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. Admission

Subject to the terms and conditions of this Agreement, the Rules, NCCPL Regulations and the NCSS Procedures made thereunder (which shall include all amendments, modifications and additions made therein from time to time and any new procedures made in substitution therefor), the Company hereby admits the Clearing Member in the capacity of SLB Participant (as such term is defined in the NCCPL Regulations).

2. Amendments

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

3. SLB System

Subject to the compliance with all requirements of the Rules and NCCPL Regulations SLB Portal will be made available by the Company to the SLB Participant and access to all SLB Transactions and SLB (R) Transactions for SLB Eligible Securities for the purpose of securities lending and borrowing in the SLB System shall only be through the SLB Portal.

4. Company’s functions and liability

4.1 Subject to Clause 4.1 to 4.7, the Company in its role as the Authorised Intermediary shall act as a common agent of SLB Participants for settlement of the SLB Contracts between the SLB Participants and for delivering securities to and receiving securities from and for receiving or paying any amounts payable to or payable by such SLB Participants in connection with any of the SLB 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.

4.2 The only obligation of the Company with regard to the settlement of the SLB Transactions and SLB (R) Transactions shall be to facilitate the delivery and payment in respect of such transactions between the SLB 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 SLB Contracts;
 - (d) the financial condition of any SLB Participant;
 - (e) the performance and observance by SLB Participants of their obligations under the agreements or any other documents executed between them in respect of SLB System; or
 - (f) the accuracy of any statements (whether written or oral) made by a SLB Participant in or in connection with any agreement or documents in respect of SLB Contracts.
- 4.3 Clearing Member confirms to the Company that it has made its own independent investigation and assessment of risks that may arise in connection with its participation in the SLB System and has not relied on any information provided to it by the Company in connection with the SLB System.
- 4.4 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 its participation in the SLB System is that of the counterparties of the respective SLB Contracts.
- 4.5 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 its participation in the SLB System is that of the counterparties of the respective SLB Contracts.
- 4.6 The Clearing Member hereby agrees and acknowledges that all SLB Contracts shall be facilitated by the Company by acting as an Authorised Intermediary for the respective SLB Participants, which are underlying parties to a SLB Contract and the SLB Participants will not be able to access the identity of the underlying counter-party to any of SLB Contract.
- 4.7 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 SLB 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 SLB System.
 - (b) the Company is entitled to withhold or defer payments due to the Clearing Member in order to facilitate the clearing and settlement of SLB Contracts in case of default by any SLB 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.
- 4.8 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 SLB Transaction and SLB (R) Transaction to which the Clearing Member is a party.

4.9 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.

5. 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.

6. 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, SLB 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 Concentration Margin 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 SLB 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 SLB Transactions and Contracts are mutual dealings and in case of insolvency of the Clearing Member shall be netted off against each other.

7. Effectiveness

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

8. 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.

9. Miscellaneous

9.1 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.

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

9.3 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:

Mr. _____

Mr. _____

Witnesses:

Witnesses:

1. _____
NIC# _____
Name: _____

1. _____
NIC# _____
Name: _____

2. _____
NIC# _____
Name: _____

2. _____
NIC# _____
Name: _____