

**Format of Bank Guarantee towards
Base Minimum Capital and Additional Capital (Liquid Assets)**

(To be on Stamp/Franked Paper of Rs.100/- or the value prevailing in the State where
executed, whichever is higher)

Letter of Guarantee - Equity Segment

BG No. : _____.

BG Date : _____.

From :

(Bank Name & Address)

(hereinafter referred to as "**the Bank**")

To
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

(hereinafter referred to as "**the Exchange**")

WHEREAS:

- (i) **(Delete inapplicable portion >>>>)** Mr./Ms./M/s. _____,
an individual / a sole proprietary concern / a partnership firm / a body corporate,
registered / incorporated under the provisions of the Indian Partnership Act, 1932 / the
Companies Act, 1956, having his / her / its Registered Office at
.....
..... is a Trading / Clearing Member of the Equity Segment of the Exchange
having Clearing No., hereinafter referred to as "**the Trading / Clearing
Member**" (which expression shall unless repugnant to the context or meaning thereof be
deemed to mean and include his / her / its successors, administrators and permitted
assigns);
- (ii) As per the Rules, Bye-laws and Regulations of the Exchange and in terms of the various
notices/circulars issued by the Exchange in this regard, all its Trading / Clearing
Members in the Equity Segment shall maintain with the Exchange collateral towards the
Base Minimum Capital in the form of Cash or Fixed Deposit of Banks or Bank
Guarantee(s) or approved Securities (after applying suitable hair-cut) as prescribed by the
Exchange from time to time.

: 2 :

BG No. : _____.

BG Date : _____.

- (iii) Trading / Clearing Members in the Equity Segment are also required to keep a certain amount as additional capital (liquid assets) with the Exchange for availing of the higher trading limits and / or adjustment against margins prescribed by the Exchange from time to time.
- (iv) Trading / Clearing Members are also required to pay to the Exchange, various types of margins (comprising, inter alia, of gross exposure, mark-to-market, Value at Risk margin, Special margins, Extreme Loss margins, additional volatility margins, etc.) or any other margins in cash or any other form of collateral based on their exposure and volume of the business done on the Exchange that may be prescribed by the Exchange from time to time.
- (v) Trading / Clearing Members are also required to fulfill their engagements, commitments, and obligations arising out of trading & settlement system of the Exchange.
- (vi) The Exchange desires that the maintenance of the base minimum capital / additional capital (Liquid Assets) / payment of various margins as also the obligations arising out of clearing and settlement of trades executed on the Exchange may be secured by Trading / Clearing Members, inter alia, by executing a Bank Guarantee in its favour.
- (vii) At the request of the Trading / Clearing Member, the Exchange has agreed to accept a Bank Guarantee issued in its favour from Scheduled Commercial Banks for an amount of Rs. _____, (Rupees _____ only) in lieu of equivalent base minimum capital, additional capital (liquid assets) requirement, various margin payments as required by the Exchange from time to time and to meet his / its obligations and commitments under the trading & settlement system of the Exchange.
- (viii) The Trading / Clearing Member has requested the Bank to furnish to the Exchange a bank guarantee of Rs. _____ (Rupees _____ only).

THE BANK HEREBY AGREES AS UNDER: -

1. We, the above-mentioned Bank at the request and desire of the Trading / Clearing Member do hereby irrevocably and unconditionally guarantee to pay Rs. _____ (Rupees _____) to the Bombay Stock Exchange Ltd., as a security for base minimum capital, additional capital (liquid assets), various margin requirements and due performance and fulfillment by the Trading / Clearing Member of his / its engagements, commitments, operations, obligations or liabilities arising out of the trading and settlement system of the Exchange. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling all or any obligations or liabilities of the Trading / Clearing Member arising out of base minimum capital, additional capital (liquid assets), various margin payments and trading and settlement system of the Exchange as directed and decided by the Exchange or such other person or persons or committee or committees appointed by the Governing Board of the Exchange or by the Exchange from time to time.

....3

: 3 :

BG No. : _____.

BG Date : _____.

2. The Bank hereby agrees that if in the opinion of the Exchange, the Trading / Clearing Member has been or may become unable to meet, satisfy, discharge or fulfill any obligations, liabilities or commitments or any part thereof to the Exchange arising out of the base minimum capital, additional capital (liquid assets), various margin payments or its clearing & settlement mechanism / arrangement, then without prejudice to the rights of the Trading / Clearing Member under its Rules, Bye-laws and Regulations or otherwise, the Exchange may at any time thereafter and without giving any notice to the Trading / Clearing Member invoke this guarantee to meet the aforesaid obligations, liabilities or commitments of the Trading / Clearing Member.
3. The Bank undertakes that on first demand of the Exchange, it shall, without any demur, protest or contest and without any reference to the Trading / Clearing Member and notwithstanding any contest by the Trading / Clearing Member, pay to the Exchange a sum not exceeding Rs. _____ (Rupees _____) as may be demanded by the Exchange. The decision of the Exchange from time to time as to the obligations or liabilities or commitments of the Trading / Clearing Member and the amount claimed shall be final and binding on the Bank.
4. This guarantee shall not be prejudiced by the failure of the Trading / Clearing Member to comply with the Rules, Bye-laws and Regulations of the Exchange. The Exchange shall be at liberty to vary, amend, change or alter any terms or conditions or its Rules, Bye-laws or Regulations relating to Trading / Clearing Membership of the Exchange in general or as applicable to the Trading / Clearing Member in particular without thereby affecting its rights against the Trading / Clearing Member or the Bank or any security belonging to the Trading / Clearing Member now or hereafter held or taken by the Exchange, at any time. The discretion to make demands under this guarantee shall exclusively be that of the Exchange and the Exchange is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Trading / Clearing Member.
5. The validity of this guarantee shall not be affected in any manner whatsoever if the Exchange takes any action against the Trading / Clearing Member including default, suspension or expulsion of the Trading / Clearing Member from the Exchange. Once a Trading / Clearing Member is suspended or expelled, the Exchange should ensure that the Trading / Clearing Member would not be allowed to do any fresh business through the Exchange till the suspension or expulsion is revoked / annulled and any liability subsequent to the default, suspension or expulsion would not be covered by this guarantee.
6. This guarantee shall not be affected by any change in the constitution of the Exchange or the Trading / Clearing Member or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by the Exchange to its Trading / Clearing Members.

: 4 :

BG No. : _____.

BG Date : _____.

7. The Bank undertakes to pay to the Exchange, the amount hereby guaranteed within **forty eight hours** (excluding any holidays or bank strike) of being served with a written notice to the Branch Manager of the Bank's Branch office address stated hereinabove or to such other address as the Exchange may be aware of either by hand delivery or by Registered Post or by Speed Post or by Courier Service, requiring the payment of this amount.
8. The Bank hereby consents to the Exchange for:
- (i) Making any variance, change or modification of any agreement with the Trading / Clearing Member and/or others as the Exchange thinks fit;
 - (ii) Giving time to the Trading / Clearing Member for payment of any sums due from the Trading / Clearing Member;
 - (iii) Making any compromise with the Trading / Clearing Member;
 - (iv) Releasing or parting with any security; and / or
 - (v) Agreeing not to sue the Trading / Clearing Member.
9. The Bank irrevocably agrees that this guarantee shall not be avoided, released or prejudicially affected and the Bank shall not be discharged from its liability hereunder to the Exchange by reason of the aforesaid or by reason of any act or omission by the Exchange, the legal consequence whereof may be to discharge the Trading / Clearing Member and / or the Bank or by any act or omission by the Exchange which would, but for this provision, be inconsistent with the Bank's right as a surety. The Bank agrees that this guarantee shall remain valid and enforceable notwithstanding any forbearance or delay in the enforcement of the terms of the contract between the Bank and Trading / Clearing Member or of the Exchange's Rules, Bye-laws and Regulations. The Bank waives all the rights available to the Bank as surety under Section 133,134,135,139 and 141 of the Indian Contract Act, 1872. The Bank also agrees that the Bank shall not be entitled to the benefit of subrogation to any security held by the Exchange.
10. The Bank agrees that in the event of the Exchange now or at any time hereafter holding any security, the Bank shall not be entitled to the benefit of such security or to receive such security notwithstanding that the Bank may have made payment under this guarantee.
11. The Bank undertakes not to revoke this guarantee during its currency except with the previous consent of the Exchange in writing and this guarantee shall be continuous and irrevocable.
- 12. The Bank hereby states that this guarantee is not issued on the basis of any arrangement with or counter guarantee of any other Bank.**
13. Notwithstanding anything mentioned hereinbefore, the aggregate liability of the Bank under this guarantee is restricted to Rs. _____ (Rupees _____) and it will remain in force for a period of ____ months i.e. upto ____ day of _____.

: 5 :

BG No. : _____.

BG Date : _____.

14. Unless a claim/demand in writing is made against the Bank under this guarantee before the expiry of three months from the aforesaid date, i.e., on or before _____ day of _____, all rights of the Exchange under this guarantee shall cease and the Bank shall be relieved and discharged from all liabilities hereunder.

Executed at _____, this _____ day of _____, _____.

For _____ **(Bank)**

_____ **(Name of the Branch)**

Sd. /-

Authorized Signatories

Seal of the Bank.