

# INVESTMENT ACCOUNT MANAGEMENT TRIPARTITE AGREEMENT

This **Investment Account Management Agreement** (hereinafter called “this Agreement”) is made and entered into at Kathmandu on \_\_\_\_\_ by and between:

**Laxmi Sunrise Capital Limited**, a company registered under the Companies Act 2063 of the Government of Nepal having its Registered Office in New Baneshwor -10, Kathmandu (hereinafter called “**LS Capital**” which expression, unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns) of the **First Part**.

And

\_\_\_\_\_ residents of \_\_\_\_\_ (Hereinafter jointly called the “**Client Account Holder**” which expression, unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assignee), of the **Second Part**.

And

Laxmi Sunrise Bank, a commercial bank incorporated under the Companies Act 2053 and registered under Banks and Financial Institutions Act of Nepal, having its Registered Office in Kathmandu Nepal (hereinafter called “**the Bank**” which expression, unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assignee) of the **Third Part**.

**LS Capital**, the **Client Account Holder** and the **Bank** are hereinafter referred to individually as “**Party**” and collectively referred to as the “**Parties**”. Further in case of more than one entity jointly becoming the **Client Account Holder**, each of the entities are hereinafter referred to individually as “**Party**” and jointly as **Client Account Holder**.

## RECITALS

WHEREAS, the **LS Capital** is a merchant bank registered with the Securities Board of Nepal (SEBON) and offering portfolio management services, among others, to individuals and institutions for investment in securities market in Nepal depending on their risk-return profile and investment objective.

WHEREAS, the **Client Account Holder** is an investor who has appointed **LS CAPITAL** as its Portfolio Manager for portfolio management services under a Portfolio Management Agreement entered into between them.

AND WHEREAS, the Bank, is where **LS CAPITAL** has an account for the purpose of its business operations and where the investor clients of **LS CAPITAL** shall also be required to open an account in their names to enable **LS CAPITAL** carry out purchase and sale of securities on their behalf as governed by the Portfolio Management Agreement entered into between them.

## Definitions

### a. **Client Account Holder**

This shall mean the **LS CAPITAL** Client(s) who have opened a Client Investment Account with the Bank under this Agreement.

### b. **Client Investment Account**

This shall mean a special bank account opened by the Client with the Bank where the funds to be invested, as per the Portfolio Management Agreement, shall be deposited by the Client and which shall be used by **LS CAPITAL** for the purpose of trading transaction and settlement purpose under this Agreement. The Client Investment Account will cease to exist after either completion or termination of this Agreement.

### c. **Client(s)**

A Client shall be an individual, institution or a group of individuals or institutions being citizens of Nepal or registered under laws of Nepal, competent to make investments in Securities instrument of Nepal and have entered into a Portfolio Management Agreement with **LS CAPITAL** appointing **LS CAPITAL** as its Portfolio Manager for managing investments according to the terms and conditions of the Portfolio Management Agreement.

### d. **Discretionary Portfolio Management Services**

Discretionary Portfolio Management Services shall mean purchase and sale of Securities by the Portfolio Manager on the behalf of the Client as well as overall management of Client’s portfolio to meet the risk-return profile and investment objective of the Client. Under, Discretionary Portfolio Management Services the Portfolio Manager shall have absolute and unfettered discretion and authority, without reference to the Client, to invest, re-invest and manage the Client’s Portfolio.

### e. **Existing Portfolio**

This shall mean the combination of different Securities in Client’s current investment that the Client wants the Portfolio Manager to manager on his/her behalf.

### f. **Initial Balance in Client Investment Account**

This shall be at least 5% of the Total Value of Existing Portfolio, in case of Existing Portfolio.

### g. **Investment Policy Statement (IPS)**

h. This shall mean the document that outlines both short and long term investment objective of the Client, various investment constraints faced by the Client, defines the investment strategy based on the analysis of the objective and constraints as well as market expectations, determines the appropriate asset allocation to meet the Client’s objective and constraints.

There shall not be any IPS in case of Non-Discretionary Portfolio Management Services, as Client’s portfolio will be managed as per Client’s own direction.

- i. **LS CAPITAL Account**  
This shall mean an account opened by LS CAPITAL in the Bank for the purpose of its business operations and for settlement of transactions with the Client Investment Account of its Clients also opened in the Bank.
- j. **New Portfolio**  
This shall mean construction of new set of Securities holding for the Client by the Portfolio Manager.
- k. **Non-Discretionary Portfolio Management Services**  
Non-Discretionary Portfolio Management Services shall mean management of Client's funds and purchase and sale of Securities according to the directions of the Client.
- l. **Portfolio**  
Portfolio shall mean the group of Securities bought for the Client by LS CAPITAL and held in the Client's name, cash balance as well as interest received from bonds, cash and stock dividend received from stocks, and rights shares subscribed to.  
  
In case of Existing Portfolio, this shall also mean the initial set of Securities transferred from Client to the Portfolio Manager for the Management by latter.
- m. **Portfolio Completion Statement**  
This shall mean a document prepared by LS CAPITAL at the end of the Investment Horizon, a time when all the securities in the Portfolio of the Client are sold and the sale proceeds are deposited in the Client Investment Account. LS CAPITAL shall give this note to the Bank for enabling it to transfer the applicable Portfolio Management Fees of LS CAPITAL to the LS CAPITAL Account and thereafter allowing the Client to withdraw on the Client Investment Account.
- n. **Portfolio Management Fees**  
This shall mean all fees charged from the Client by LS CAPITAL for providing services under the Portfolio Management Agreement.
- o. **Portfolio Termination Statement**  
This shall mean a document prepared by LS CAPITAL at the termination of the Portfolio Management Agreement; 15-working days after receipt of written notice to terminate the portfolio from the client, a time when all the securities in the Portfolio of the Client are sold and the sale proceeds are deposited in the Client Investment Account. LS CAPITAL shall give this note to the Bank for enabling it to transfer the applicable Portfolio Management Fees of LS CAPITAL to LS CAPITAL Account and thereafter allowing the Client to withdraw on the Client Investment Account.
- p. **Securities**  
This shall include, among others, various stocks listed and traded in the Nepal Stock Exchange (NEPSE), bonds issued by public limited companies, and treasury bills (t-bills) and bonds issued by the Nepal Rastra Bank (NRB).
- q. **Total Value of Existing Portfolio**  
This shall mean the total value of all the Securities in Client's Existing Portfolio. While, calculating the Total Value applicable cash and bonus shares and subscribed rights shares shall be taken into consideration.

NOW THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

- a) **Client Investment Account**
  - a. Each LS CAPITAL Client shall open an account with the Bank hereinafter referred to as the "Client Investment Account".
  - b. The Client Investment Account shall be an interest bearing account carrying an interest rate of 4% p.a. or as may be specified by the Bank from time to time payable on a half yearly basis.
  - c. The Client Investment Accounts shall have a minimum balance requirement of NPR 2000.
  - d. The amount deposited by the client in the Client Investment Account will be utilized by LS CAPITAL to invest in securities in the name of the client based on the Investment Policy Statement constructed for the Client.
  - e. Both **LS CAPITAL** and the **Client Account Holder** shall obtain all the necessary approvals, if any required, for executing the transactions under the Portfolio Management Agreement, and shall furnish the bank with the copy of the same
  - f. Notwithstanding the provisions mentioned above the Bank shall be in no way be obliged or responsible in whatsoever manner to verify/confirm and establish the authenticity of the aforementioned Portfolio Management Agreement and any other agreements between the two parties.  
**LS CAPITAL** has been authorized to withdraw from this Client Investment Account, amounts required for investment in the Portfolio of the Client and deposit in future all dividends and sale proceeds of any realization from divestments of Securities from the client's portfolio. Further **LS CAPITAL** has full authority, as entitled by the Client under the Portfolio Management to operate the Client Investment Account as per the terms and conditions set out herein under Operation Modality. The Client shall not be authorized to operate and withdraw on the Client Investment Account until a Portfolio Completion Statement or Portfolio Termination Statement is given by LS CAPITAL to the Bank signaling Portfolio Completion or Portfolio Termination. LS CAPITAL shall also be authorized to deduct applicable fees from the Client Investment Account.
- 2. **Account Opening Modality**
  - a. The client shall fill the bank account opening form along with the Portfolio Management Application Form of LS CAPITAL. The Bank shall obtain all the legal documents and /or other document required for opening of the account and transfer of funds as per the requirement of Nepal Rastra Bank (Central Bank of Nepal) and its internal policy requirement.
  - b. Once the Portfolio Management Application Form is reviewed by LS CAPITAL after carrying out a KYC (Know Your Client) procedure on the client, LS CAPITAL shall forward the bank account opening form filled by the client to the Bank and the Bank after doing its own KYC, shall open a Client Investment Account in the name of the client.
  - c. Once the Client Investment Account is opened by the Bank in the name of the client, the Client shall, in case of New Portfolio, deposit at least 25% of the Gross Investment Amount on the account opening date. The Client shall deposit the remaining 75% i.e. within the next 7 working days of the initial deposit. In case of Existing Portfolio, the Client shall deposit at least 5% of Total Value of Existing Portfolio in the Client Investment Account on the account opening date.  
Gross Investment Amount is the amount committed by the Client for investment in the Portfolio under the Portfolio Management Agreement. Client needs to provide deposit slips to the LS CAPITAL for each required deposit in the Client Investment Account.
  - d. On the date of receipt of deposit slip for initial deposit in Client Investment Account, the Portfolio Manager shall approve Client's Portfolio Management Application Form.

### **Operation Modality**

- e. *On Purchase of Securities:* On purchase of securities in the Portfolio of the Client, on receipt of invoices and brokerage receipts along with an Invoices Compilation List and Cover letter from LS CAPITAL, the Bank shall debit the Client's account and transfer the money to credit LS CAPITAL Account for payment to the brokers.
- f. *On Sale of Securities:* In case of sale of securities, the Bank shall, on receipt of cheque in the name of Client Account Holder, along with the invoices and Invoices Compilation List, deposit the cheque in the Client Investment Account. Similarly, any cash dividend received from any of the companies in the Portfolio shall also be deposited by the Bank in the Client Investment Account of the Client.
- g. *On Portfolio completion:* On completion of portfolio when all the securities in the Portfolio are divested, the Bank shall, on receipt of Portfolio Completion Statement, from LS CAPITAL, transfer all applicable Portfolio Management Fees of LS CAPITAL to the LS CAPITAL Account and release the remaining funds as per the instruction of the Client Account Holder.
- h. *On Portfolio termination:* On termination of portfolio when all the securities in the Portfolio are divested, the Bank shall, on receipt of Portfolio Termination Statement, from LS CAPITAL, transfer all applicable Portfolio Management Fees of LS CAPITAL to the LS CAPITAL Account and release the remaining funds as per the instruction of the Client Account Holder.

### **3. Trustee Relationship**

The Bank shall be a trustee of the Client Investment Account under this Agreement. Relationship between the Bank and Client Account Holder shall be as Depositor and Bank and the Bank assume no other liabilities arising out of the act of any parties to this agreement or otherwise while acting under the terms and conditions of this agreement.

### **4. Representations and warranties**

The Client hereby represents, warrants, and declares to the LS CAPITAL as under:

- a. The Account Holder Client has full power, capacity and authority to deliver and perform this Agreement and has taken all necessary action (corporate, statutory, contractual or otherwise) to authorize the execution, delivery and performance of this Agreement in accordance with its terms.
- b. This Agreement has been duly executed and delivered by the Client and constitutes a legal, valid and binding obligation of the Client, enforceable against the Client in accordance with its terms.
- c. The execution, delivery and performance by the Client of this Agreement and the acts and transactions contemplated hereby do not and will not, with or without the giving of notice or lapse of time or both, violate, conflict with, require any consent under or result in a breach of or default under; any law to which it is subject; or any order, judgment or decree applicable to it; or any term, condition, covenant, undertaking, agreement or other instrument to which it is a party or by which it is bound.
- d. In case the Client is an institution or an entity, it undertakes that it has a lawful existence and that the person signing documents has full authority to make such investments on behalf of the institution. The Parties shall rely on the copy of a Board Resolution of the Client authorizing such person to act on behalf of the Client with respect to this Agreement. In the event of revocation of authority of such person, the Client shall promptly inform the other parties of such revocation.
- e. The Client agrees and undertakes to sign all documents and further agreements and do all such acts as the Bank may require for enabling it to render effectively services or otherwise perform its functions and obligations under this Agreement.
- f. The Client authorizes the Bank to debit/ credit the Client Investment Account on instructions from LS CAPITAL and that it has given all rights of operation of the Client Investment Account to LS CAPITAL for the purposes under the Portfolio Management Agreement.
- g. Without any prejudice, the Client hereby takes all the responsibility and ratifies and agrees to confirm all acts done or caused to be done as conferred under this Agreement and all acts deeds and things lawfully done by the Bank shall be construed as acts deeds and things done by the Client.

### **5. Death or disability**

In the event of death or insanity of the Client Account Holder, the Bank shall deal with the Nominee of the Client Account Holder as mentioned in the nomination form filled at the time of opening the Client Investment Account or if there are no nominees the case shall be dealt as per the laws of the land.

### **6. Notices**

All notices and communication to the other Parties shall be sent by personal delivery, fax, courier or email at the address hereinafter mentioned. The notice shall be deemed to have been served by the party to whom it is given by personal delivery, when so delivered and acknowledgement received, if given by fax, courier or email, by acknowledged transmission thereof.

#### **Notice to the Client**

**Name:**

**Address:**

#### **Notice to the Bank**

**Name:**

**Branch Manager**

**Laxmi Sunrise Bank Limited**

**Branch Address:**

#### **Notice to the LS CAPITAL**

**Name:**

**Designation:**

### **7. Non Exclusivity**

This Agreement is not exclusive and LS CAPITAL may enter into such arrangements with other commercial Banks as well, however, with prior notice to the Bank.

### **8. Confidentiality**

LS CAPITAL and the Bank hereby undertake to hold in complete and strict confidence all information about the Client Account Holder and the Client Investment Account and may disclose such information to its respective representatives, employees and officers with a bona fide need to know such

confidential information, but only to the extent necessary to evaluate or carry out the proposed transaction. However, this restriction does not apply to information:

- a. which is in the public domain or comes into the public domain through no fault of LS CAPITAL or the Bank or its employees; or
- b. which is received from third parties other than in breach of this Agreement;
- c. which was lawfully in the possession of LS CAPITAL or the Bank or its employees prior to such disclosure, as evidenced by the written records of the LS CAPITAL or the Bank or its employees, and which was not acquired directly or indirectly from the Client Account Holder or any of its subsidiaries, associates or advisers; or
- d. the disclosure of which is required by law, order of the court, applicable regulation or to the external auditors;
- e. which is created or produced by LS CAPITAL or the Bank independently of the information supplied pursuant hereto.

**9. Term**

This Agreement shall commence from the date of its execution and shall be in force till the Bank receives a Portfolio Completion Statement or Portfolio Termination Statement from LS CAPITAL and it credits all fees relating to LS CAPITAL under the Portfolio Management Agreement to the LS CAPITAL Account.

**10. Severability**

In the event that any term, condition or provision of this Agreement is held to be in violation of any applicable law or regulation the same shall be deemed to be deleted from this Agreement and shall be of no force and effect as if such term, condition or provision had not been contained in this Agreement.

**11. No Waiver**

Save and except as expressly provided in this Agreement, no exercise, or failure to exercise or delay in exercising any right, power or remedy vested in this Agreement shall constitute a waiver by that Party of that or any other right, remedy or power.

**12. Arbitration**

In case of any dispute or difference arising in the interpretation of this Agreement, it shall be settled through mutual understanding. If arbitration is required, a mutually acceptable sole Arbitrator shall be appointed whose decision shall be held final and binding on both parties. If Arbitrator could not be appointed with mutual understanding, it will be done under Arbitration Act, 2055. All the expenses of the Arbitrator shall be borne equally by the LS CAPITAL and Client Account Holder. The place of Arbitration shall be Kathmandu.

In the event of the Bank having to incur any legal fees or other expenses related to any dispute arising out of the Escrow account whatsoever the nature of the dispute may be, such expenses incurred by the Bank shall be charged and deducted from the Escrow account only after a prior notice is given to LS CAPITAL and the Client Account Holder. Statements issued by the Bank regarding the expenses shall be construed as final and conclusive and shall not be disputed except for manifest errors.

**13. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Nepal. All legal actions and proceedings, if any, relating hereto shall be subject to the exclusive jurisdiction of the courts in Kathmandu.

IN WITNESS THEREOF, the Parties hereto have executed this Agreement as of the date first above written in original copies in English Language.

**For & on behalf of the "Portfolio Manager"**

**For & on Behalf of the "Client(s)"**

Full Name(s):

Full Name(s):

.....  
Authorized Signatory(ies)

.....  
Authorized Signatory(ies)

**For Bank,**

Full Name:

.....  
Branch Manager  
Branch Address:  
Date: