

AGREEMENT dated as of _____ (DD/MM/YYYY) between Pacific Financial Derivatives LLC, with its office in Euro House, Richmond Hill Road, P.O. Box 2897, Kingstown, St. Vincent and the Grenadines, and (IB), resident of _____

Name of Introducing Broker:	
Address:	
Tel.	Fax No.
Email:	Mobile No.

Bank Account Information

Bank:
Address:
Account No.:

INTRODUCTION

- A. PFD is licenced to provide market service in respect of a regulated offer of derivatives
- B. (IB) is an Introducing broker in **Futures** **Options**
 Spot **CFD**
- C. (IB) and (PFD) desire to enter into this Agreement pursuant to which (IB) will introduce Customers (as defined) to PFD), on a fully disclosed basis, (i) execute and clear orders (as defined)

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. CERTAIN DEFINITIONS. When used herein the following terms shall have the following meaning:

- 1.1 "Account" shall mean an account established in PFD for a Customer introduced to it and accepted by PFD.
- 1.2 "Broker" means broker-dealers (PFD), in the case of, PFD executed orders.
- 1.3 "Customer" means a customer of a Broker (PFD) as introduced to PFD by (IB).
- 1.4 "Effective Date" shall mean the date first set forth above.
- 1.5 "Order" means an order for the purchase or sale of a contract for a Customer.
- 1.6 "Termination Date" means the date of effectiveness of any termination.

2. RELATIONSHIP BETWEEN THE PARTIES

(PFD) and (IB) agree that the general allocation of responsibility between them with respect to Customer business shall, on the terms and subject to the conditions set forth in this Agreement, be as follows:

- 2.1 The (IB) will be acting under this agreement as agent of the Client and not of PFD and the (IB) will not hold itself out as agent, partner or representative of PFD or as authorized to speak or act in any manner on behalf of, or as agent of PFD
- 2.2 (IB) shall introduce to PFD, for customers seeking to purchase or sell securities, futures contracts and/or options thereon. (IB) shall have no authority to contract for or in the name of PFD or to bind PFD in any manner whatsoever either with Customers or with any other party, subject to terms and conditions established by PFD.
- 2.3 PFD will transmit Orders received by it to a Clearing Broker or make a market based on the dealing policies of PFD as per the client agreement executed by the client. During the term of this Agreement, IB shall not transmit any Orders for clearance to any broker other than PFD without PFD's prior written consent.
- 2.4 PFD may provide, to each Customer upon the opening of an Account and at any time thereafter, notice of the existence of this Agreement and the general relationship established with the (IB) there under, in case of litigation, with respect to matters relating to Accounts
- 2.5 Any change in the allocation of responsibilities between the parties from that described in this Agreement may be effected only by a written amendment executed by the parties in accordance with Section 23.2 below.

3. ACCOUNT OPENING

3.1 Each Customer introduced to PFD by (IB) shall be opened on a fully disclosed basis with PFD or with other Clearing Brokers utilizing the customer Agreement, risk disclosure statement and other forms specified or designated by PFD; provided, that each prospective customer account shall be subject to acceptance by PFD and shall not be treated as an Account hereunder until so accepted. PFD may accept or reject any customer introduced to it.

3.2 IB shall be responsible for delivering to and obtaining from Customers and returning to PFD all documentation, including, without limitation, forms, agreements, financial statements, power of attorney and other documents, from time to time required by PFD in connection with the opening or maintenance of such Customer's accounts or required to be filed by or in respect of such Customers pursuant to Applicable Law.

3.3 IB shall be responsible for obtaining and verifying new account information, including, without limitation, information as to the Customer's reputation for integrity, the financial capacity and responsibility of the Customer, the Customer's trading objectives.

3.4 IB shall be fully responsible for its solicitation of all Accounts and all written and oral statements made in connection therewith, and all such statements will be factually correct and accurate and shall not contain any misrepresentations or material omissions. IB shall not make any written or oral agreements or representations contrary to those contained in the Customer Agreements.

3.5 Under no circumstances will IB directly or indirectly solicit any Customer or Account whose direct or indirect beneficial owner is a natural person resident in the United States of America, or any partnership or corporation organized or incorporated under the laws of any state of the United States of America.

3.6 The (IB) shall be responsible for notifying and/or instructing PFD as to the transfer or termination of accounts.

4. ORDERS

4.1 Unless otherwise agreed by PFD in writing, PFD shall transmit Orders to a Clearing Broker in or make a market based on the dealing policies of PFD the manner and form required by PFD.

4.2 The INTRODUCING Broker will not give any instructions to PFD on behalf of a Client until the Client has given or executed client acknowledgements or client agreements in an appropriate form with the IB and PFD. Copies of both acknowledgements or agreements will be held by the IB and PFD.

4.2 Subject to and consistent with Applicable Law, PFD shall use all reasonable efforts to transmit Orders received from IB and IB's Clients to a Clearing Broker. No acceptance of any Order by PFD shall be construed as a guarantee of the execution and/or clearance of such, notwithstanding the foregoing. PFD shall have the right to decline to execute and/or clear any Order received for an Account for any reason PFD deems appropriate in its sole business judgment and discretion.

4.3 Subject to and consistent with Applicable Law, and the consent of PFD, IB following written consent by the client (Discretionary Authority) shall be entitled to transmit Orders to PFD.

4.4 Where there is any inconsistency between the instructions given by the IB and those given by a Client, PFD is entitled to accept and act on the instructions of the Client.

5. MARGIN PAYMENTS

5.1 The IB shall be responsible for contacting each Account and using its best efforts to: (i) obtain for PFD its initial and variation margin requirements from the Customer, payable directly to PFD, and (ii) cause such margins to be delivered to PFD, all in accordance with Applicable Law, including PFD's written delivery instructions.

5.2 The IB will keep PFD fully informed as to any problems or difficulties of which it is aware in the collection of margin. Nothing herein shall constitute a waiver by PFD and of its right to take steps to liquidate any Account for which a margin call is outstanding.

5.3 The IB acknowledges that PFD may in its sole business judgment and at any time: (i) set higher requirements for any and all Customer margins than those prescribed by the Clearing House or Exchange.

5.4 PFD shall not be responsible for any monies or other property paid or delivered by any ("Customer") until such monies or property are (i) paid or physically delivered to PFD; or (ii) received in and credited to a PFD bank account.

6. CUSTOMER COMPLAINTS

The IB shall notify PFD orally and in writing simultaneously upon receipt of notice of any Customer complaint or pending or threatened action or proceeding by any Customer in respect to any alleged errors, corrections or any other matter relating to any Account.

7. PROMOTIONAL MATERIAL

7.1 The IB shall not issue, publish or distribute any advertisement, market letter, market research report, sales literature or other promotional material utilizing or making reference to the name or facilities of PFD without prior written consent.

7.2 The IB shall deliver to PFD for its review and approval prior to its first use of such material any written promotional material or telemarketing script intended to be generally distributed by IB to its Customers.

8. RELIANCE UPON COMMUNICATIONS FROM IB

8.1 PFD shall be entitled to rely upon any oral or written communications or instructions from IB, including any of IB's officers, partners, principals or employees, so long as PFD does not have actual knowledge of lack of authority of any such person.

8.2 Only the following IB (if a company/firm) employees are authorized to communicate with PFD on client matters:

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This list can only be modified in accordance with section 23.2 below.

9. SUPERVISION AND DUE DILIGENCE

9.1 The IB will diligently and carefully supervise the activities and the sales practices of its officers, employees and agents and all aspects of its office operations and follow all compliance rules and policies relevant to such supervision including adopting appropriate written compliance procedures (and supervisory controls to ensure that the compliance procedures are adhered to).

9.2 The IB agrees to assume responsibility for compliance with the rules and regulations of the Authority, and all other regulatory and self-regulatory agencies, domestic and foreign. Exchanges, and Boards of Trade asserting regulatory jurisdiction as well as any applicable laws of any foreign government or regulatory body.

9.3 The IB shall promptly notify PFD in writing of the assertion of any material claim against IB by any Customer, or of the institution against it of any suit or proceeding by any Customer or by any regulatory Agency or Exchange; and of every material development in any such suit or proceeding.

9.4 The IB is required to exercise 'know your customer' (KYC) on all clients that it introduces to PFD and exercise the normal due diligence. The IB must follow a strict compliance and due diligence policy to "know its customer" and in this regard the compliance manual of PFD will be deemed as standard practice in dealings with IBs and their clients.

9.5 It will be the responsibility of the IB to promote PFD products strictly in compliance with the applicable laws, and other international money laundering laws as per the FATF recommendations, including reporting and Money Laundering laws at all times. PFD in no way accept responsibility for any violation of such laws committed by the IB.

9.6 The IB is obligated to report any suspicious transactions to PFD if any transactions conducted by its clients seems abnormal in nature.

10. BOOKS AND RECORDS.

10.1 The IB will maintain all records with respect to Accounts, commission and its business and affairs required by Applicable Law.

10.2 Upon request, the IB shall submit to PFD, financial statements and other information relating to its financial condition.

10.3 The IB shall ensure that every customer complies with all applicable position limits and shall not permit any transaction to be effected with results in any customer or group of customers acting in concert to exceed these limits without the appropriate approval from the applicable exchange.

11. EMPLOYEES AND AGENTS

11.1 The IB will carefully screen prospective employees and agents, and will notify PFD of the identity of each prospective employee or agent prior to hiring. Such hiring will be subject to the review and consent of PFD. The IB will not hire any employees that are subject to disqualification under applicable Law or Exchange Business Rules.

11.2 The IB shall not at any time permit any person in its employment to solicit new Accounts, to solicit or accept Orders from Customers, to transmit Orders to PFD or to a Clearing Broker or to supervise any such activities, unless such person is registered, or exempted from registration under Applicable Law.

11.3 In the event that the IB or any agent or employee shall become subject to suspension or restriction by regulators or any other regulatory body having jurisdiction over the activities of PFD and/or the IB, the IB will notify PFD immediately thereof orally and in writing. The IB will implement any measures (including, without limitation, termination or suspension of any offending person), which PFD determines, to be necessary in order to maintain compliance with the Applicable Law and Exchange Business Rules.

11.4 It is understood that all persons with whom PFD contracts for services, whether as officers, employees or otherwise, are the employees and agents of the IB, not of PFD, and no such person shall be entitled to any of the rights, protection or benefits provided by PFD to its employees, including without limitation, group insurance of any kind and/or pensions.

12. OTHER SERVICES AND AGREEMENTS

12.1 Unless otherwise agreed in writing by the parties, all contracts, agreements, leases and understandings that the IB enters into to obtain facilities or equipment or to perform the services required of it hereunder, will be for its own account and benefit and not that of PFD.

12.2 Unless otherwise agreed in writing by the parties, the following functions of the IB are the sole responsibility of the IB, and PFD shall have no responsibility for performing any such service on behalf of the IB:

- (i) preparation of the IB's payroll records, taxes, financial statements or other financial records relating to the IB or any analysis, review or recommendations relating to any of the foregoing;
- (ii) preparation or issuance of checks in payment of the IB's expenses;
- (iii) payment of commissions, salaries or other remuneration to the IB's employees or agents;
- (iv) preparation and filing of reports, filings or submissions required under Applicable Law and Exchange Business Rules; or
- (v) any other service not expressly assumed by the IB hereunder.

12.3 The IB must indicate to PFD any other firms/ service providers where they are functioning as Introducing Brokers.

13. LIQUIDATION OF ACCOUNTS.

PFD shall have the right to liquidate any or all open positions in any Account:

- (i) to satisfy any outstanding margin requirements or any other debit account balances owing to PFD in such Account; or
- (ii) for any other reason deemed appropriate by PFD in its sole business judgment and discretion.

14. TRADE VERIFICATION

14.1 The IB shall verify the accuracy and completeness of all Orders transmitted to PFD for execution and clearance under this Agreement.

14.2 Any loss or damage resulting from an Order which is alleged to have been improperly entered, executed or cleared shall be reconciled and discharged by PFD on such terms as PFD may determine, provided, however, that alleged errors with respect to any Accounting or disputes with Customers that arise out of acts or omissions on the part of the IB, or an Executing Broker in respect to Give-Up Orders, will be the sole responsibility of the IB.

15. COMMISSIONS

15.1 PFD and the IB shall be entitled to establish the commission structure for each Account. The IB shall notify PFD in accordance with Section 23.2 of this Agreement of the commission rate prior to the execution of the first transaction for such Account and prior to the effectiveness of any requested change to such rate. Notwithstanding anything contained herein to the contrary, Appendix I can be changed by PFD at any time and from time to time upon twenty-four hours notice to the IB.

15.2 Subject to Applicable Law, PFD shall accrue and credit the IB with all commissions actually received from PFD pertaining to the Accounts for Orders less such amounts that are payable to PFD. PFD shall remit to the IB, not later than twenty (20) days after the end of each calendar month during the term hereof, the difference (if a positive number) between the total commissions received by PFD in respect of the Accounts in that month less the fees due PFD hereunder.

15.3 PFD shall be entitled to offset any payments due by PFD to the IB hereunder. Such offset shall include all communication and mailing costs between PFD and the IB. Any amounts due to PFD that are in excess of any payments due to the IB shall be remitted by the IB upon demand by PFD, or at the sole option and discretion of PFD, offset against any future payments due to the IB.

16. ERROR ACCOUNT

If required by PFD, the IB shall create and maintain with PFD at all times one or more error accounts for the reconciliation and payment with respect to Customer Account debits, and disputed or erroneous transactions. The IB shall deposit therein such amounts or collateral as PFD may require from time to time.

17. SECURITY DEPOSIT

In connection with its services hereunder, PFD may require in its discretion that the IB places a security deposit with PFD in order to secure the performance of any obligations owing at any time to PFD by the IB.

18. REPRESENTATIONS AND WARRANTIES

The IB hereby represents and warrants to PFD as follows:

18.1 The IB is a corporation duly organized, validly existing and in good standing under the laws of the country, or is an Individual(s), Association of Individuals, and is/are qualified to do business in such other jurisdictions as the nature of its business activities and properties therein requires.

18.2 The IB has the corporate power to enter into and perform its duties under this Agreement; has taken all requisite corporate action to authorize the execution, delivery and performance of this Agreement, has been duly authorized, executed and delivered by the IB and is binding upon and enforceable against it in accordance with the terms hereof.

18.3 Neither the execution, delivery and performance of this Agreement by the IB nor the consummation by the IB of any transaction contemplated hereby will conflict with, result in a breach of, or constitute a default under or violate, as the case may be,

- (i) the charter or by-laws of the IB,
- (ii) Applicable Law and Exchange Business Rules,
- (iii) any court or administrative order or process applicable to the IB or its principals, or
- (iv) any contract, agreement, arrangement, commitment or plan to which the IB is a party or by which the IB is bound.

18.4 From and after the Effective Date, each officer, partner or employee of the IB (or any persons occupying a similar status or performing similar functions) in any capacity which involves either the solicitation or acceptance of an Order (other than in a clerical capacity) or involves the supervision of any person or persons so engaged is, and at all times during the term hereof will be validly registered under Applicable Law unless duly exempted from such registration.

18.5 The IB shall promptly notify PFD after the IB becomes aware thereof; of

- (i) any investigation or formal proceeding initiated against it or against any of its officer, employees or persons owning at least 10% of its voting shares by a governmental body or self-regulatory organization; or
- (ii) any private action (including Arbitration) brought against the IB by a Customer.

19. INDEMNIFICATION

19.1 The IB agrees to indemnify and hold PFD harmless from and against any and all claims, demands, proceedings, suits and actions against PFD and any and all losses, liabilities, damages, expenses and costs (including but not limited to reasonable attorneys' fees and costs of investigation or preparation of defense) suffered by PFD, which result from or relate to:

- (i) any breach by the IB of its duties or obligations under this Agreement,
- (ii) any inaccuracy or misrepresentation in, or breach of, any of the warranties, representations, covenants or agreements made by the IB herein,
- (iii) any claims, liabilities or demands of PFD in respect of any Customer arising out of our relating to any agreements between such Customer and the IB (including, without limitation, the IB's failure to properly supervise, manage or maintain any Account, or the IB's failure to act in accordance with any such Customer's instructions),
- (iv) any debts or debits of Customers or Accounts or the failure of any Customer to meet any margin call,
- (v) any debts, liabilities or obligations arising from the failure of the IB to comply with Applicable Law and Exchange Business Rules, and
- (vi) any debts liabilities or obligations arising from any other act or omission of the IB or its agents, including PFD

19.2 PFD shall have the right to commence, maintain and settle any action or proceeding brought by or against any Customer, the IB or other third party for any claim or demand which PFD and the IB jointly may have or be subject arising out of or in respect of any Account or the performance by the IB of the IB's duties hereunder, regarding of whether any such claim or demand gives or may give rise to a right of indemnification from the IB to PFD has exercised its right of set-off pursuant to Section 15 hereof.

20. CONFIDENTIALITY

The IB and PFD will each:

- (i) keep confidential and non-public information acquired by it in respect of the other party as a result of this Agreement, and
- (ii) not disclose such information to any third person except as required by Applicable Law and Exchange Business rules or proper legal process.

21. METHOD OF TERMINATION

21.1 This Agreement shall continue in effect until terminated by the parties as set forth herein.

21.2 This Agreement is terminable as follows:

- (i) by mutual agreement of the parties,
- (ii) by either party without cause, upon seven (7) days to the other party,
- (iii) by either party effective immediately upon giving notice of termination of any representation or warranty of the other party contained herein was, as of the date hereof or the Effective Date, untrue in any material respect,
- (iv) by either party if the other party shall have defaulted in any material respect in the performance of any representation, warranty, covenant, agreement or condition made or to be performed by the other party hereunder and such default has not been cured with ten (10) days after the giving of notice thereof to the other party.

21.3 At the Termination Date, all provisions of this Agreement shall cease to have any force and effect except that

- (i) the obligations contained in Sections 18, 19, 20 and 22 shall survive termination of this Agreement, and

(ii) The IB shall remain responsible for any obligations or liabilities (including without limitation and indemnity obligations) arising out of acts or omissions occurring prior to the Termination Date. The parties' rights of termination hereunder shall be in addition to all other remedies and rights to which they may be entitled under Applicable Law or under this Agreement.

(iii) This contract will be deemed void in cases where the IB has not been able to perform its duties or has been non-compliant as per agreement. Confirmation of cancellation will be in the form of a letter from PFD stating the reason, and will be considered final. Commissions for any previous clients after termination will not be payable to the client and PFD has all rights to retain the client.

21.4 Unless otherwise agreed between the parties, upon termination of this agreement, PFD can close out all contracts entered into on behalf of Clients and will close out, abandon or exercise any option not yet exercised, at PFD's discretion.

21.5 Termination shall not release either party from liability for any antecedent breach of any of the terms of this agreement.

22. ARBITRATION

22.1 Any and all controversies arising out of or relating to this Agreement, or the relationship between the parties hereto, shall be settled by arbitration exclusively in St. Vincent and the Grenadines, according to applicable laws and Exchange Business Rules at the time.

22.2 In any arbitration proceedings, the prevailing party shall be entitled, in addition to other damages and relief awarded to it, to recover all costs and expense of the arbitration proceeding including its reasonable attorney's fees.

22.3 Any investigation or formal proceeding initiated against it or against any of its officer, employees or persons owning at least 10% of its voting shares by a governmental body or self-regulatory organization; or

22.4 Any private action (including arbitration) brought against the IB by a Customer.

23. MISCELLANEOUS

23.1 **Expenses.** Each party will pay its own costs and expenses (including attorneys' fees) in connection with the negotiation, preparation, execution and delivery of this Agreement and the performance of its obligations hereunder, except as may otherwise be specifically provided for herein.

23.2 **Integration; Amendments.** This Agreement (including the Appendix and any other exhibits, attachments and schedules hereto, which are incorporated herein and made a part hereof) embodies the entire understanding between the parties with respect to the subject matter hereof, and supersedes all negotiations, representations, warranties, commitments, offers, contracts and writings made or entered into prior to the date hereof. No waiver, modification or amendment of any provision of this Agreement shall be effective unless plainly denominated as such and evidenced by a writing duly signed by the party or parties charged thereby.

23.3 **Remedies, No Waiver, etc.** The rights and remedies of the parties hereunder are cumulative and are not exclusive of any other rights or remedies which may be available at law or otherwise. No failure to exercise and no delay in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof by either party nor shall any partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege by such party.

23.4 **Headings.** The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

23.5 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23.6 **Severability.** The validity of all, or part of any representation, warranty, covenants, agreement or indemnity contained herein shall not render invalid the remainder of this Agreement or the remainder of such section. If any representation, warranty, covenant, agreement, indemnity or any portion thereof is so broad or of such duration as to be unenforceable, it shall be interpreted to be only so broad or of such duration as is enforceable.

23.7 **No Assignment.** This Agreement shall be binding upon the successors and permitted assigns of the parties hereto. Neither this Agreement nor any rights hereunder shall be assignable by the parties hereto without the express written consent of the other.

23.8 **Notices.** Unless otherwise specifically provided herein, all notices, requests, demands and other communications required to be given under this Agreement shall be in writing and delivered either in person, by overnight delivery service, deposit with such overnight delivery service or transmittal by facsimile transmission or telex, as the case may be, to the address below or to such other address as a party may designate to the other in writing.

24. COMMISSION STRUCTURE

The IB agrees to the following commission structure as described in Appendix I for the services described therein:

Please refer to Appendix 1 for detailed commissions structure.

25. EFFECTIVE DATE

This Agreement shall become effective on the date first written above unless another date shall be mutually agreed upon except as otherwise provided herein, shall be in effect until terminated at the option of either party upon 90 days written notice delivered to the other party at its main office.

26. COMPLETE AGREEMENT

This Agreement together with all schedule, attachments, addenda, exhibits and documents specifically incorporated by reference constitutes the entire agreement between the parties and supersedes all prior, agreements, promises, proposals, representations, understandings and negotiations, whether written or oral, between the Parties with respect to the subject matter hereof.

27. GOVERNING LAW

The provisions of this Agreement shall be governed by St. Vincent and the Grenadines law.

The IB confirms that the IB has read and understood the terms of this Agreement. By signing below, the IB explicitly agrees to be legally bound by its terms and conditions.

Signed by the IB

This.....day of20.....

Authorized Signature (PFD)

Name

This.....day of20.....



COMMISSION DETAIL

IB commission as agreed and acknowledged by the IB are as follows:

(A) FUTURES

(Inclusive of Options)

(C) SPOT FOREIGN EXCHANGE

(B) CFD

(D) SPOT COMMODITIES