

DEED OF INDEMNITY

To: The Registrar
National Debt Office
Central Bank of Kenya
P.O. Box 60000-00200
Nairobi

This **Deed of Indemnity** is issued to you by..... [Name of CDS Account Holder, which expression shall include its legal representatives, successors and assigns], of Post Office Box Number..... Nairobi, the holder of CBK CDS Account Number....., hereinafter referred to as the “Account Holder”.

WHEREAS:-

- 1.** The Account Holder acknowledges that as a pre-requisite for the processing of a request for the sale of Government Securities by the National Debt Office of the Central Bank of Kenya (hereinafter “the Bank”), the Account Holder must submit to the Bank a complete sale order form duly executed by them.
- 2.** Currently, apart from commercial banks which utilize the SWIFT communication network to access the Bank’s T24 electronic platform to submit their OTC sale orders, all other CDS account holders are required to complete and submit to the Bank, duly executed sale/purchase order forms for processing manually.
- 3.** In order to benefit from efficiency of the electronic submission of Purchase/ Sale Orders, the Account Holder has entered into an agency arrangement with the..... (indicate the name of the commercial

bank; hereinafter referred to as “the Commercial Bank”) and mandated the commercial bank to issue instructions to the Bank for any sale order of Government securities.

4. The Account Holder will ensure that all authorizations, approvals and related documentation necessary for the commercial bank to issue instructions to the Bank on their behalf, more particularly for “ Purchase/ Sale trades” using the MT 541 & 543 SWIFT message types, have been duly obtained.
5. The Bank is amenable to the submission of instructions by the Commercial bank on behalf of the Account Holder, provided the Account Holder furnishes a suitable Deed of Indemnity to the Bank.

NOW THIS INSTRUMENT WITNESSETH THAT:-

In consideration of the Bank effecting instructions for Purchase/ Sale trades (MT 541 & 543) from the Commercial bank, with respect to (indicate CDS account name and number)..... on behalf of the Account Holder, the Account Holder:

- (i) Hereby releases and discharges the Bank from any obligation, right or benefit whatsoever with regard to any swift MT 541 & 543 message or other Purchase/ Sale related instruction sent to or effected by the Bank relating to the cited CDS account.
- (ii) Shall to the extent of the value of any transaction effected on the basis of such SWIFT MT541 message or other sale order related instruction sent from the Commercial Bank to the Bank, indemnify and keep the Bank indemnified at all times, against such or any liability arising from the transaction(s).

(iii) Undertakes to indemnify the Bank from and against all proceedings , damages, costs (direct and indirect/consequential), claims, expenses or losses which the Bank may incur or sustain by reason or on account of effecting instructions from the Commercial Bank on behalf of the Account Holder for the sale of government securities.

GENERAL CLAUSES:

- a)** The Account Holder undertakes to the Bank that it will on demand do all such acts and things and execute all such agreements, deeds and documents (including obtaining Board resolution) as may be necessary to carry into effect or to give legal effect to the provisions of this Deed of Indemnity and the transaction hereby contemplated.
- b)** This Deed contained herein shall be binding on, and shall endure to the benefit of, the Account Holder and Bank. The whole or any part of this Deed may not be assigned by the Account Holder without the prior written consent of the Bank.
- c)** This indemnity shall be a continuing indemnity and shall not cease or terminate at the conclusion of the transaction.
- d)** This Deed of Indemnity shall be governed by the Laws of Kenya and the Account Holder submits to the non-exclusive jurisdiction of the courts in Kenya.

IN WITNESS WHEREOF the Account Holder has caused its common seal to be hereunto affixed on the _____ day of _____2014.

Sealed with the Common Seal of)

In the presence of)

)

Director)

)

Director/ Secretary)