

POLICIES AND PROCEDURES

Your attention is drawn to various policies and procedures adopted by Elara Securities (India) Private Limited (“Elara”) in relation to acceptance of order(s) from its clients and various issues relating to its relationship with clients:

1. Refusal of Orders for Penny stocks:

Elara shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid securities which as per the perception of Elara are extremely volatile or subject to Market manipulation.

Elara shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.

For the purposes of identification of illiquid securities, Elara would consider the list of illiquid securities drawn up by Stock Exchanges on a monthly basis. This list is available on the Stock Exchange website. When current market value of the stock is lower than its face value, it will be considered as penny stocks.

2. Setting Up Client’s Exposure Limits:

The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock broker (including exposure limits, turnover limits, limits as to number, value and/or kind of securities) in respect of which orders can be placed etc. The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker’s risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of Exchange/SEBI directions/limits (such as broker level/market level limits in securities specific/volume specific exposures etc.) and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or client’s inability to route any order through stock broker on account of any such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client to place order or trade in securities through the stock broker, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/ allow execution of orders due to but not limited to the reason of lack of margin/ securities or the order being outside the limits set by stock broker/exchange/SEBI and any other reason which the stock broker may deem appropriate in the circumstances. The client agrees that the losses, if any, on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone. Client exposure limits are set based on collateral and funds deposited by the client. The type of acceptable collateral as well as the exposure limits varies from customer to customer depending on the profile of the client.

3. Applicable Brokerage Rate:

Elara will charge a brokerage fee on transactions in accordance with the Tariff sheet agreed by the Client. The rates will be subject to review and amendment as mutually agreed between Elara and the Client. The brokerage rate applied by Elara will not be more than the maximum brokerage rate permissible prescribed by the relevant Exchanges and SEBI.

4. Penalty/ Delayed Payment Charges:

Pursuant to SEBI regulations and Exchange Bye-laws, the stock broker is currently required to make pay-in of funds and arrange delivery of securities to the Exchange as per the settlement schedules. Further the stock broker is also required

to maintain adequate exposure margins prior to placing trades with the Exchange. In addition the Exchanges also prescribed stock brokers to have in place a prudent risk management policy in place to facilitate smooth settlement of client's trade obligations.

Elara may charge a late payment charge of 18 % p.a. of the value of the delayed payment for payments relating to the execution of orders that are received later than T+2 business days in the Cash Segment and later than T+1 business day in the Futures and Options segment.

Further, where Elara has to pay any fine or bear any punishment from any Authority in connection with/ as a consequence of/ in relation to any of the orders/ trades/ deals/ actions of the client, the same shall be borne by the client.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues:

The client agrees and undertakes to immediately deposit with the stock broker such as cash, securities or other acceptable security which the stock broker may in its own discretion from time to time require as margin. The client agrees that the stock broker shall be entitled to require the client to deposit with the stock broker a higher margin than that prescribed by the Exchange. The client is liable to pay an initial margin up-front on or before creating a position in any derivatives contract. Such margin shall be decided upon by the stock broker or the exchange from time to time. Furthermore, the client is liable to pay (or receive) daily margins depending on whether the price of the derivatives contract moves for or against the position undertaken. The client may also be liable to pay withholding margins, special margins or such other margins as are considered necessary by the stock broker or the exchange from time to time. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not imposed by the Exchange, the Futures and Option Segment of the Exchange, any other segment of the exchange, the Clearing House or Clearing Corporation of the Exchange or SEBI) and the client shall be obliged to pay such margins. In case the client does not provide the required margin or any other payment whatever within the time frame specified by the stock broker, the stock broker shall have the right to appropriate and/or sell and/or instruct the designated bank to sell and/or transfer all or any securities or money in the client's account and/or any associated account and/or the proceeds thereof, square-off all or any outstanding positions, prevent any new orders from being placed and / or executed by the client or take such other action as the stock broker thinks fit and proper. The stock broker may exercise all or any of the above rights in such manner as the stock broker thinks appropriate, without demand or additional margin, security or collateral, or advance notice or advertisement, on any exchange or other market where such business can be transacted, at a public auction or by private sale and the stock broker may be the purchaser / seller for its own account. The giving of any prior demand, call or notice shall not be considered as a waiver of the stock broker's right to exercise its rights without any such demand, call or notice.

The client agrees that in case of high market volatility, the stock broker may require the client to pay instantaneous margins in addition to the margins that may have already been paid by the client as per margin calls. The client agrees that the stock broker may be compelled to in such circumstances of market volatility, in the absence of the payment of the said instantaneous margins by the client, square-off all or any outstanding positions, prevent any new orders from being placed and/ or executed by the client or take such other action as the stock broker thinks fit and proper.

The client agrees that the stock broker may be compelled to in circumstances of extreme volatility, square off all or any outstanding positions, prevent any new orders from being placed and/ or executed by the client or take such other action as the stock broker thinks fit and proper, even without calling for the payment by the client, of the aforesaid instantaneous margins by the client.

If the client has entered into a short or a long purchase then the stock broker shall be entitled to, at any time before the client has squared-off his short sale or long purchase position, square-off and/or carry forward the whole or part of the short sale or long purchase position on any day, at any place and in any manner as the stock broker thinks fit, or permit the exchange to close out or auction such position, and the aforesaid shall be at the client's risk and cost.

If the client has been permitted to do margin trading, the stock broker shall be entitled to square-off the client's outstanding position, inter alia, where, in the stock broker's opinion, the mark-to-market loss has been breached or may breach the margins available with the stock broker, where the margin or security placed by the client and available with the stock broker falls short of the stock broker's requirement, where any limit given to the client has been breached or where the client has defaulted on any existing obligation.

The client hereby authorizes the stock broker to, at the stock broker's discretion, as the stock broker deem it necessary for the stock broker's own protection to buy, sell or close out any part or all of the Derivatives Contract held in the client's account with the stock broker. Any or all such incidental expenses incurred by the stock broker will be reimbursed by the client. In enforcing its set off, lien and/or other rights, the stock broker may, in its sole discretion, determine which securities are to be sold or appropriated, which account is to be debited or which contracts are to be closed.

The securities shall be liquidated as per the provisions of SEBI Circular SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019 on Handling of Clients' Securities by Trading Members/Clearing Members and FAQ's on Handling of Clients' Securities by Trading Members/Clearing Members issued by NSE having circular NSE/INSP/42052 and BSE having Notice No 20190904-38 dated September 04, 2019.

6. Shortages in obligations arising out of internal netting of trades:

The Client hereby agrees that if any securities short-delivered against pay-in obligation towards a counter party who is a Client of Elara and delivery of the securities was also not effected through auction in the market (self-auction) for any reason including that self-auction is not permitted on the Exchange, then the contract shall be closed out and the close out price will be higher of:

- (a) The highest price for the securities prevailing in NSE or as the case may be BSE on any date commencing from the date of transaction till the day of auction relevant to the trade (auction day) or
- (b) The closing price for the securities on the auction day as increased by 5% of the closing price for the traded scrip or such other % as may be revised by Elara from time to time. The amount so determined shall be debited to the account of the Client who defaulted to deliver.

7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client:

Elara reserves the right not to permit the client from taking further positions or may close the existing position in certain conditions which inter-alia includes:

1. Shortfall in the client account to make good the settlement / margin obligations.
2. Any legal / disciplinary action initiated by the Government, Government agencies or such other regulators like SEBI, Exchanges, RBI, Income Tax Dept., etc.
3. Based on the internal Risk management framework.

4. Based on happening of an event where Elara has the risk perception that further trading in the securities (incl. penny/illiquid stocks) may not be interest of its clients and/or the market.
5. Non fulfillment of KYC/AML Requirements.

8. Temporarily suspending or closing a client's account at the client's request:

Elara may temporarily suspend or close a Client's Account upon receipt of the Client's request in writing or otherwise in accordance with the terms of the Rights and Obligations. The Client shall be required to settle all amounts owing to Elara promptly upon suspension or closure of the Client's account.

Elara can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order / action requiring client suspension.

Further where Elara has to pay any fine or penalty to the stock exchange in connection with / as a consequence of the shortages, the same shall be borne by the client.

9. Deregistering a Client:

Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- a. If the action of the client are prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- b. If there is any commencement of a legal process against the client under any law in force;
- c. On the death/lunacy or other disability of the client;
- d. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of undertaking of the client,
- e. If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.
- f. If the client being a partnership firm, has any step taken by the client and/ or its partners for dissolution of the partnership;
- g. If the client has taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- h. If the client has made any material misrepresentation of facts, including (without limitation) in relation to the security;
- i. If there is reasonable apprehension that the client is unable to pay its debts or the client has admitted its inability to pay its debts, as they become payable;
- j. If the client suffers any adverse material changes in his / her / its financial position or default in any other agreement with the stock broker;
- k. If the client is in breach of any term, condition or covenant of this Agreement;
- l. If any covenant or warranty of the client is incorrect or untrue in any material respect;

10. Dormant Account Procedure:

If there is no activity in the Client's account for a period of 12 months or such other period as Elara may notify, then Elara will classify the Client's account as an inactive account. If the Client wishes to reactivate an inactive account, the client must contact Elara, Elara may then reactivate the account after conducting such additional checks as it considers appropriate. If a Client's account is inactive for a period of 60 months or such other period as we may notify from time to time, then Elara will classify the Client's account as a dormant account and notify the Client accordingly. If the Client does not respond to such notification, then Elara may close the dormant account after giving due notice and shall return any surplus assets in such dormant account to the Client. The Client shall co-operate with Elara and provide additional details or documents as Elara may require to consider reactivating the inactive or dormant account, as the case may be.