

# ELITE WEALTH LIMITED

## Risk Management & Surveillance Policy

### Introduction:

Investment in securities is susceptible to market risks. While the risk of loss is inherent in the market, we at EWL (referred to as “**Elite Wealth Limited**”), seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our product offering. As our customer, it is important for you to be aware of our Risk Management Policy and how the Policy would operate to regulate your transactions. It is also important to note that the Risk Management Policy is not an insurance against losses, these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and relevant regulations for the time being in force.

Please read the following policy and procedures carefully as it pertains to your trading activity to all the segments with EWL.

### Equity Segment (NSE/ BSE)

Product Type - DELIVERY: For Delivery (buy shares and hold them overnight) in the Cash segment, client will have to place orders under this product type. Client should have clear funds in the Trading Account Ledger before buying the shares. In case of selling shares client should have shares in the Demat Account. This Demat Account (which client is maintaining with EWL) should be mapped to the Trading Account. In case, client is having other than EWL Demat Account then the client need to transfer the shares for selling in EWL current settlement account for the same. In all circumstances client needs to maintain sufficient upfront margin for buying or selling of shares. Short selling is not allowed in this product.

EWL, provide no leverage when client is executing delivery trades which mean that if client wants to buy Rs 10,000/- of shares as DELIVERY, client has to maintain clear balance in the trading account and similarly if client want to sell shares with product type as DELIVERY, client should have shares in advance in the respective Demat account maintained with EWL, which is mapped to client trading account.

### BTST (Buy Today Sell Tomorrow) Trades:

For all BTST trades client should have sufficient upfront margin in trading account as per guidelines of the Exchanges/ SEBI. In case client sold the shares under BTST then the sole responsibility of doing the Pay-in obligation is with the client, Broker will not be responsible for short Pay-out of shares which needs to be adjusted in the Pay-in of the same. By not doing so, the client faces the risk of entering the auction.

**Product Type - MARGIN:**

Margin, (**Intraday Square off**) involves buying and selling shares within the same trading day. In this type of orders, if the same is not squared off by the client or converted into other order types, the RMS system shall automatically square off the order post the cut off time which is decided as per the RMS policy of EWL. Thus, when a client wants to strictly trade Intra day he can do so by using the MARGIN product type.

**Difference between DELIVERY and MARGIN trades**

	<b>DELIVERY</b>	<b>MARGIN (MIS-Intraday)</b>
<b>Validity</b>	Delivery trades need not to be squared up on the same day.	Margin (Intra-day) trades are closed at the end of the day. There is no carrying over of positions.
<b>Upfront Margin</b>	<ol style="list-style-type: none"><li>1. <b><u>Buying Trades:</u></b> For buying trades, client should maintain 100% clear balance in trading account.</li><li>2. <b><u>Selling Trades:</u></b> For selling trades, client should maintain upfront margin as per Exchanges/ SEBI guidelines in the trading account.</li></ol>	Margin (Intra-day) trades are executed based on VAR(Value At Risk) + ELM (Extreme Loss Margin)+ Adhoc Margin (if any) or 20% whichever is higher.  No fresh positions allowed after 3:20 PM square-off time
<b>Square off</b>	Not Applicable.	Applicable. Square off time 3:20 PM.

**Policy for penny shares**

Shares that appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny shares. These shares are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization, and limited following and disclosure. Depending on the market condition and RMS policy of the company, EWL reserves the right to refuse to allow trading and/ or provide limits on penny shares

**Trading in newly listed shares and illiquid securities**

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the RMS department and will be subject to the available credit balance of the client.

**Policy for ASM/ GSM Securities**

In GSM securities, EWL would be blocking of the scrip under GSM from grade I - grade VI. Exchanges has vide their respective circulars have provided for guidelines on GSM security. The client can refer to the same in the case of the explanation required. Newly listed shares

usually do not have a DPR and hence, the chances for rate fluctuations are higher. The dealing in newly listed shares will be restricted to the available credit balance after considering the Mark-to-Market (Mark-to-Market) levels.

### **Mark-to-Market Square-Off**

At any given point in time, if the MTM level of the client breaches 80% of his available Fund balance, RMS team would square off the complete positions of the client with or without intimating the clients.

For the sake of better understanding, the square off percentage of 80% is basically the threshold base limit and it should not be construed as exact 80% for square off. The position may get squared off at exact 80% or above the base threshold limit. Due to market extreme volatility, it may not be possible to monitor the square off limit from percentage (%) to percentage (%). The trading member will take adequate steps (SMS/ Email/ Phone call) on the best effort basis to give a margin call to the client as soon as he reaches 70% of the available fund balance.

Further, the square-off will also be based on the extreme volatility in the market which may have a severe impact on the client and EWL.

EWL may or may not inform the client on the same in case of potential fluctuation.

### **Client Unpaid Securities Pledge Account (CUSPA) Policy**

SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated 11th Nov 2022 mandates that securities received for pay out if not paid fully by the clients such securities shall be transferred to such securities shall be transferred to respective client's Demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favour of a separate account titled – client unpaid securities pledgee account (CUSPA) on T+1 day.

In case there are multiple securities in the "Client unpaid securities account - CUSPA", it is proposed that and First in First Out (FIFO) logic will be followed. However, in case the stock basis FIFO logic could not be sold due to less liquidity or due to security in lower circuit or any other reason, then we may sell any other security to clear the outstanding debits.

### **Scripts blocked for trading**

EWL shall not be responsible for non-execution/delay in execution of orders in restricted scrips and contracts and consequential opportunity loss or financial loss to the customer. EWL shall have the discretion to place such restrictions, notwithstanding the fact that client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts on EWL platform earlier. EWL shall have the right to revise the list of such securities / contracts on a periodic basis.

Summary of scrips blocked for trading:

Block Type	Exchange	Scrip group / Series	Comments
Fresh Buy	BSE	F	Fixed Income Securities
Fresh Buy	BSE and NSE	G (BSE) and GS (NSE)	Govt Securities
Fresh Buy	BSE and NSE	P (BSE) and BT (NSE)	Physical / Optional Physical settlement securities
Buy and Sell	NSE	BL	Block deal window
Buy and Sell	NSE and BSE	GSM Scrips	GSM Scrips
Buy and Sell	NSE and BSE	Periodic Call Auction scrips	Illiquid Scrips
Buy and Sell**	NSE and BSE	Un-solicited messages (SMS Shares) For Information list and Current Watch list. Current Historical Information	Stock Tip/ Recommendation circulated
Buy and Sell	BSE	SS and ST Group	BSE S+ Framework
Buy and Sell	NSE and BSE	SM in NSE and M in BSE	SME Series scrips
Buy and Sell	NSE	Various series	Debt securities ( <a href="https://archives.nseindia.com/content/equities/DEBT.csv">https://archives.nseindia.com/content/equities/DEBT.csv</a> ) and ( <a href="https://archives.nseindia.com/content/debt/Redmn_Def_Web.csv">https://archives.nseindia.com/content/debt/Redmn_Def_Web.csv</a> )
Fresh Buy	NSE and BSE	IBC and Corporate Insolvency Resolution Process companies	Companies in process of insolvency or corporate resolution

\*\* In the event if the Client/Investor wish to sell the SME shares, kindly reach out to the customer support desk at [customercare@eliteswealth.in](mailto:customercare@eliteswealth.in)

Any securities as per regulatory mandate / communication or at the discretion of EWL might be blocked on case-to-case basis.

### **Intraday products- restricting exposure and square-off**

- Time based Intraday Square off Daily, Starting from 10 minutes before close of normal trading session.
- This includes all types of Intraday products i.e., Cover Order, Bracket Order and Stop Loss Orders
- Every day system will stop allowing any further intraday order any time after 3.20 PM. System first removes all pending orders and then squares off all Intraday Orders. At the time of Intraday order square off trigger, all pending orders would be cancelled, and orders will be sent to exchange for square off. The orders sent to exchange will be executed on best effort basis.
- This is irrespective of target reached / profit and loss position.
- In case of price movement 80% of circuit limit, open positions will be squared off in case of adverse MTM for that security.
- In case the positions cannot be squared off due to lack of liquidity, the trade will result in delivery trade and will be settled accordingly.
- In case of Non squared off long positions, client needs to pay the balance amount to the extent of entire obligation on T Day only. EWL will initiate square off of non-paid up obligations on T+1 day from start of market hours. This is in addition to the MTM based square off across product and exchange segments.
- As a client, you should be aware of the Intraday Product has risks associated with higher leverage in the Intraday Trading Facility as compared to trades in the regular market positions and, therefore, while the opportunity for making profits on the investment is magnified, the risk of loss would also be enlarged correspondingly.
- Client agrees and accepts that enlisting him/her for the Intraday Trading Facility shall not oblige him/her to place Intraday Orders requested in any scrips even though margin required for placing a trade order under the Facility is available in the account.
- Client also understands and agree that the option to convert intraday trade positions to carry forward positions is subject to full margin being made available upfront unless such margin is already lying to the credit of the account.
- Client agrees and accepts that if for any reason beyond our control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open Intraday positions could not be squared off and are carried forward, client is expected to Square them off on a best effort basis, as soon as may be, and any and all losses arising from such events will be to clients account. Client also agrees and accept that he/she will not hold the broker, their directors, officers, or employees liable for any loss that they may sustain because of availing of this facility.
- Maximum permissible exposure limit to a client for a day may be capped irrespective of Ledger and collateral.

### **Real time Risk based forced Square-off**

1. EWL may initiate square off for a particular client without prior intimation due to market volatility, intimation by regulators or as prescribed in any other rules or regulation.
2. EWL shall have no obligation of communicating the same to the Client although as a measure of good governance all possible steps will be undertaken subject to market volatility and time for timely communication.
3. EWL shall not be responsible for any losses incurred by the Client due to such squaring off the open position of the Client.
4. Positions created would be subject to either client himself squaring off OR Risk based square off (MTM Loss for all products across segments @ 80% of Total Deposit-Ledger / funds + Holding after Haircut) OR Time Based Square off for intraday products.
5. At MTM loss the position will be reduced on best effort basis and customer will be liable for such losses.

### **Futures and Options (Equity Derivatives)**

Derivative segment is a margin driven segment. Margins will be collected as per the requirement of the exchange i.e. SPAN margin + exposure margin + additional margin (as any made applicable by the exchange) + Physical Delivery Margin + Peak Margin. In case of panic market conditions, additional margin can be collected by EWL looking at market situations. Scrip's acceptable as collateral – only approval list of stocks as per exchange for F&O margin will be accepted after a haircut applicable as per exchange.

**Product Type – CARRY FORWARD:** For Carry forward positions (Buy/ Sell F&O positions and hold them overnight or till expiry) in the F&O segment, client will have to place orders under this product type. Client should have required margins or clear funds in the Trading Account Ledger before taking F&O positions.

**Product Type – INTRADAY:** All F&O positions under this order type will be squared off within the same trading day at a specified square off time i.e. 3:21 pm. Client should have required margins or clear funds in the Trading Account Ledger before taking F&O positions.

### **Contracts available / blocked for Trading:**

Derivatives trading is offered in Equity-Derivatives segment offered on NSE only

#### **1. Index Futures and Options:**

- Only in Underlying NIFTY, BankNifty and FinNifty will be allowed
- Option contracts outside the strike price range of +/- 20% range of underlying price will be blocked for trading. Square-off for existing positions will however be allowed

- Quantity freeze limits will be applicable as per Exchange circulars from time to time.
- Premium received from option selling will be allowed to buy options and not for any other purpose including taking positions in futures. This is to ensure the margin reporting framework and avoid short margin collection penalties.
- Any Mark to Market profit on T day (Realised or Unrealised) will not be considered for exposure and also for monitoring purposes. This is to ensure that the benefit of profit is given only on settlement. However losses will be reduced from available margin (both - realised and unrealised).

**2. Stock Futures and Options:**

- Options contracts outside the strike price range of +/- 20 % range of underlying price will be blocked for trading. Square-off for existing positions will however be allowed.
- Quantity freeze limits will be applicable as per Exchange circulars from time to time.
- Premium received from option selling will be allowed to buy options and not for any other purpose including taking positions in futures. This is to ensure the margin reporting framework and avoid short margin collection penalties.
- Any Mark to Market profit on T day (Realised or Unrealised) will not be considered for exposure and also for monitoring purposes. This is to ensure that the benefit of profit is given only on settlement. However losses will be reduced from available margin (both - realised and unrealised).

3. **Market Orders:** In case of option orders, the market orders will be placed as a limit order after applying a certain market protection percentage (in the range of 5 to 25% depending on liquidity and price). In case of non-availability of prices, market order may not be allowed altogether, and client needs to place a limit order. For other instruments in F&O segment (Futures/ Option selling) Allowing/ Disallowing market orders will be at the sole discretion of EWL.

4. Due to exchange imposed member level open interest restrictions, not all strike prices for option contracts may be available for trading in case the OI level is hit.

5. On the last day of monthly expiry, client cannot take new positions in Stock Futures as well as Stock Options of the expiry month contracts. Only square off orders can be executed for the existing contracts of the expiry month. All Stock Futures or ITM stock options will go into compulsory Physical delivery if the client does not close those positions. If client opts for Physical delivery then the required funds should be available in the trading account, otherwise RMS will square off at 3:21 PM.

**Margins and Margins collection:**

- Margin is the minimum amount which is required to take a position in the equity derivatives segment as prescribed by stock exchanges from time to time.
- This includes all the exchange mandated margins (e.g. Span, Exposure, Delivery, Additional, Peak etc) and any additional margins as levied by EWL at its discretion.

- For buying options: The premium amount + Any other delivery margin as charged before physical settlement.
- For Shorting of options and Futures: Span Margin + Exposure Margin + Delivery margin charged during physical settlement + Any other additional margin as levied by the Exchange/ EWL.
- Hedge benefit (if any) may be provided on Span margin only as per the relevant positions of the client and as per the hedge benefit calculation available from exchange mandated SPAN.
- Clients need to give upfront margins which are defined by stock exchanges before taking positions in the derivatives segment. EWL reserves the right to charge higher margin than the margin stipulated by the stock exchanges based on our internal Risk Management policy from time to time.
- Clients are advised to monitor their positions on a real time basis and never keep any shortfall.
- The clearance of shortfall based on the timelines if any given by EWL for liquidation in case of shortfall being continued should be strictly followed.
- The payments are accepted only in the electronic forms and may include NEFT/ RTGS/ UPI or any other mode of transfer which is made available by EWL.
- Any Shortfall in case of Delivery margin or MTM Shortfall may result in penalties from the exchange which may be transferred to the client's ledger.

#### **Shortfalls and Risk based forced Square-off:**

- Markets are volatile and price movements can be very erratic especially in the F&O segment. Events can be pertaining to a particular stock or stock market as a whole. This may result in shortfalls and also liquidation in case of shortfall is not met.
- Shortfall can arise due to increase in margin required (e.g. increase in margins due to volatility or additional margin levied for physical settlement etc) OR fall in margin available (e.g. payout of funds, Mark To Market (MTM) losses etc) OR Both.
- Shortfall = Deposit Available - Margin Required
- Deposit Available = Clear Ledger Balance + post haircut value of pledged securities (if any)
- **Margin Required** = Margin blocked for any trades in Equity/ F&O segment + Span margin + Exposure margin + Delivery margin (for physical settlement if any) + any other exchange mandated / additional margin imposed by EWL
- Clients position may be squared off if any of the following:
  1. Time based square off: Client will be duly intimated about the shortfall amount and for infusing funds/ reducing shortfall. However, in case of extreme market volatility, margins may be demanded on an immediate basis and clients should be able to replenish margins immediately to avoid square off.
  2. Positions will be squared off to the extent of covering the entire shortfall.
- In case of extreme MTM loss due to movement of prices, the positions will be reduced on a best effort basis and customers will be liable for such losses.



- In case of increase of margin by the exchange post trading hours, the customer should fund the account before the end of day on the same day.
- All losses from daily settlements and losses from square off which are not paid shall be recovered by selling available shares of the Client and Client shall be liable to pay the remaining balance forthwith

### **Intimation of shortfall**

- EWL may initiate communication through Phone call/ SMS or any other mode of communication for intimation if shortfall along with the stipulated time for reducing the shortfall either through infusion of funds/ squaring off of positions
- In case the timeline is not followed, EWL reserves the right to liquidate the positions to cover the entire shortfall.
- Note that the intimation of shortfall is at the discretion of EWL and shall have no obligation of communicating the same to the Client although as a measure of good governance all possible steps will be undertaken subject to market volatility and time for timely communication. Clients should monitor the position at all times.
- EWL may initiate square off for a particular client without prior intimation due to market volatility, intimation by regulators or as prescribed in any other rules or regulation
- In any case, if the available margin falls below the threshold for forced square off, the positions may be liquidated by EWL without further notice.
- EWL shall not be responsible for any losses incurred by the Client due to such squaring off the open position of the Client.

### **Treatment for Securities in Ban Period:**

No fresh positions and Roll over of existing positions will be allowed if the security is in ban period. Clients can square off their existing positions only.

### **Physical Settlement**

- All open position(s) in the F&O segment (except those who have opted for physical settlement) should be squared off after 3:21 PM on expiry day (Monthly expiry)
- EWL will square off all open positions after 3:21 PM on expiry day for all open positions (in stock derivatives) for that expiry irrespective of margin availability.
- For all clients who want to avail the option for physical settlement, express request needs to be given by 11:00 AM on T day (T day being expiry).
- Further, the client needs to have the entire margin for the notional contract value by 11:00 AM on T day (T day being expiry).
- This is in addition to the SPAN and EXPOSURE Margin and the exchange mandated Delivery margin for ITM Long options
- No hedge/ spread benefit will be given on this and notional value will be gross notional value for all legs.

- (Margin Available - Notional Value) should be  $\Rightarrow$  60% of (Margin required) by 2 PM on T day (T day being expiry). If not, then the physical settlement option, if opted will not be honoured and positions will be squared off as mentioned above.
- Notional Value Calculation:
  - a) Futures: (Lot size x No of lots x 101% of LTP)
  - b) Options: (Strike Price + Premium amount at 101% of LTP) x Lot size x No of lots

Notional value is grossed up for all open positions for that expiry in stock derivatives segment for the current expiry.

1. Positions will be squared off by us at prevailing market rates. Such square-off orders will be placed by RMS team as Market Orders and we shall not be liable for the rate at which they are executed.
  2. If EWL cannot square off your positions due to any reason including lack of liquidity, positions will be physically settled by the Exchange, and client will have to bear the costs (penalties & losses) arising from it.
  3. For a long open position (Long Futures, Long Call Options, Short Put Options). This will result in Buy Equity Delivery obligation; and client will be liable to pay the entire settlement amount as per Equity segment settlement.
  4. For a short open position (Short Futures, Short Call Options, Long Put Options). Client short position will get converted into; Sell Equity Delivery Position, and client will be liable to deliver the shares. In case of short delivery, an auction obligation will arise and all the costs / charges / losses will have to be borne by the client.
- **Policy regarding Close to Money contracts (CTM) and Do Not Exercise (DNE) facility:** NSE has reintroduced DNE facility from April 28, 2022, expiry. For all the clients who have not successfully opted for physical delivery as stated above, EWL will be using the DNE facility for marking 'Don't Exercise' for all open stock option positions (if any) at the EOD on expiry day. This will be done as per the exchange timing after market for this facility. One example of why positions may remain open even after placing square off orders (either by the client or from our side) is the lack of liquidity for the remainder of the day post order placement.
  - We encourage clients to square off all open F&O positions which might result in physical delivery to avoid the above mentioned hassles.

## **OTHER IMPORTANT POINTS**

### **Pledging / Re pledging of shares against Margins**

Client need to pledge/ Re pledge shares held in the respective Demat Account and can avail the benefit against the margin applicable on the open positions. This concept works in the way that client need to pledge the shares to EWL and then EWL needs to repledge the same to the Clearing Corporation. The pledging needs to be done segment wise i.e. Cash segment or Derivative segment in which the client needs the limit. EWL would then provide to client

margins against the pledged shares after considering Exchanges applicable margins and limit would be enhanced on trading platform.

Please note that client would continue to remain the owner of the shares that pledged with EWL and hence would be eligible for all corporate benefits, whatsoever.

- For all pledge requests placed before 4:00 PM, the collateral benefit will be available on T+1 day (next working day). All requests placed after 4:00 PM will be processed only on the next working day and collateral benefit will be available on T+2 working day.
- Collateral benefit will be provided on the approved securities as per the list of the Exchanges after applying the applicable haircut. For example, if in one scrip haircut of 10% would mean that if you pledged shares worth Rs 1 lakh, Rs 90,000 (90% of 1 lakh) will be added as collateral benefit to client trading account.
- Client can see this benefit in EWL Back office online software or on EWL trading platforms.
- All pledged shares will be blocked from client Demat account until they are unpledged again. The entire process of pledging and unpledging will cost Rs 50/- plus GST per scrip irrespective of the quantity. So, if you pledge 100 shares of Script A and unpledged 200 shares of Script B, the total cost (pledging + unpledged) will be Rs 25/- + Rs. 25/- per request (NSDL Charges) plus GST per scrip. This charge will be debited from your ledger the day you place the pledge request or it may reflect in client Trading/ Demat ledger.

## **MARGINS**

EWL does not engage in the business of Client Funding. Clients are required to have sufficient fund balance in their trading accounts to hold/carry forward positions.

As per new SEBI rule effective from 1<sup>st</sup> Aug, 2022 for collection and utilization of margins at client level are as below:

- The broker will allocate cash collateral (funds) to each client prior to market opening.
- Such allocation to a client will have to be segment wise.
- The 50:50 ratio of cash and non- cash collateral will have to be ensured at client level. If a client has given only securities collateral, the broker will have to allocate such cash collateral out of brokers own funds to that client so that the client can use full value of collateral.
- If during market hours a client who has not provided any collateral wishes to trade in any segment, not only he has to provide sufficient collateral equivalent to applicable margin, the broker will have to allocate collateral of equivalent amount out of brokers own collateral.
- In case the broker fails to pre/upfront allocate collateral to client either equivalent to clients margin obligation with at least 50% cash, the amount equivalent to margin used by client will be considered as "deemed allocation". As per SEBI and Exchanges any shortage of EOD Margin will attract penalty for broker.

In view of the above, clients are required to maintain 50% cash/ Cash equivalent in all segments to fulfil the Margin obligations against the respective portfolio positions. In case of shortage of cash component, Elite funds will be used towards the client's margin obligation, which will

attract Interest charges @ 18% P.A. for the period margin is short till the end of position or client fulfil the cash part of the margin obligation.

### **FUNDS**

- Pay-in Clients can transfer funds into the Trading Account only from such bank accounts which are registered with EWL. Any transfer from a non-registered bank account will not be considered and the client does not get any trading limit credit for such transfers.
- The client can transfer funds from the instant payment gateway facility available on the trading platform. UPI transfer is also available.
- EWL as a policy neither accepts any funds for pay-in/margin in cash/ DD nor makes any payment or allows withdrawal of funds in cash/ DD. No claim will be entertained where the client states to have made any cash payment or deposited cash/ DD with any Employee of EWL.

### **THIRD-PARTY PAYMENTS**

- EWL shall have the prerogative to refuse payments received from any bank account where the client is not the first holder or which is not mentioned in the KYC or which the client has not got updated subsequently by submitting a written request along with adequate proof thereof as per Performa prescribed by EWL. EWL shall not be responsible for any loss or damage arising out of such refusal of acceptance of payments in the situations mentioned above.
- However, due to an oversight, if any such third-party payment has been accepted by EWL and the credit for the same has been given in the client's ledger, EWL shall have the right to immediately reverse such credit entries on noticing or becoming aware of the same. In such a case, EWL reserves the right to liquidate any of the open positions and/or any of the collaterals received/ held on behalf of the client. EWL, its Directors and employees shall not be responsible for any consequential damages or losses.

### **DEBIT BALANCE**

- EWL follows the practice of posting the settlement obligation towards their transaction in the client ledger on the settlement date. All clients are advised to make the payment before the pay-in time on the settlement day, though there are instances wherein client may delay the payment beyond the settlement date. Although, it is obligatory for a EWL to meet the settlement obligation in time, therefore, in order to ensure timely receipt of funds from clients towards their payment obligation, "charges for delayed payment" are levied in the clients account. The sum towards "charges for delayed payment" is levied to discourage delayed payment from clients who do not deposit the required sum of money before the payin time on the payin day. "Charges for delayed payment" are levied on the respective ledger debit of the clients at a rate of 18 % per annum plus GST of the debit balance in the account. For the purpose of reckoning debit balance, the debit balance in the client ledger is consolidated across all segments of the respective exchange after giving effect to the release of margin.

### **Margin Reporting**

As per regulatory requirement on collection of margins from clients, the client margin reporting will be done as below:

- For same day margin requirements, clear ledger balance (T-day balance) will be considered.
- Ledger balance calculation will be done by netting off balances across segments i.e., Cash, F&O, Currency and Commodity.
- Across all segments, pledge shares with previous day (T-1 day) valuation, after prescribed haircut, will be considered.
- Post valuation/calculation of the above, NSE F&O will be given first preference and in case of excess margin, the same will be considered for reporting of Currency Derivatives & then in NSE and BSE cash.

All other terms & conditions including levying of margin shortfall penalty will remain as is and in line with regulatory requirements.

### **User wise limits**

EWL may levy certain limit (either mandated by a regulator or as per our internal policies) on trading platform. These are to ensure no fat finger error is multiplied and results in systemic risk for either the client or EWL. Below are the most common limits and caps EWL have on trading platform. These limits may be revised based on the client request or from our end based on our internal review and the trading history of the client. EWL shall not assume any liability in respect of orders rejected by reason of their quantity or value exceeding the cap value.

#### **Single order quantity and Value limit:**

- Equity: 25,000 Qty. or value not exceeding Rs 25,00,000/-
- Futures Index: As per Exchange freeze quantity limits
- Futures Stocks: Min. 1 lot or value not exceeding Rs 10,00,000/-
- Options: Lower of 100 lots or exchange freeze quantity limits.

### **Temporarily suspending or closing of clients account at the clients request**

EWL may suspend or close the trading account of the Client pursuant to SEBI or any other Regulatory directive for such period as may be prescribed by the respective Regulator.

EWL may further at our sole discretion and with/ without information to the CLIENT, prohibit or restrict or block the CLIENT's access to the use of the web site/ app or related services and the CLIENT's ability to trade due to market conditions and other internal policies including policy with respect to prevention of money laundering as per the compliance requirements of the company from time to time including Dormant account policy.

### **Rights of the Trading Member:**

1. Clients will be allowed to take positions only upon satisfying upfront payment of applicable upfront margin available in the respective client ledger.
2. No adjustments with any intraday booked profits which are yet to be settled will be allowed while considering such upfront margin. However, in the case of intra-day booked losses, the same will be adjusted from client available fund balance.
3. RMS will constantly monitor real-time MTM losses. Once the client cross 80% of the available amount, such clients open positions will be subject to auto squaring off. The trading member will take adequate steps (SMS/ Email/ Phone call) on the best effort basis to give a margin call to the client as soon as he reaches 70% of the available fund balance.
4. Any losses, due to auto squaring off of positions by the RMS has to be borne by the client and EWL will not be responsible for the same.
5. Intraday square off timings can change based on the discretion of our risk management department.
6. In the event of any intraday position could not be squared off by the RMS on the same day due to many reasons including but not limited to network issues, system issues, technical glitch or any other risks associated with internet/ wireless-based trading which may occur at the end of the Client, broker or the respective Exchange, it shall be treated as a DELIVERY and carried forward to the next trading day and applicable charges will be levied to the client. All such open buy positions will be squared off at the next trading date post opening of the market. Such buy positions will not be converted to delivery based trades even after the client pays the entire outstanding amount because of the shortage in applicable margin for the T day. In case of uncovered short sell positions, such shares will be marked for auction as per the Exchange rules. The client will be responsible for all losses arising out of such squaring off and will keep EWL indemnified from compensating such losses.
7. EWL will take adequate steps on the best effort basis to give a margin call to the client in case the client breaches the cut off level of MTM loss. However, in cases of market volatility and paucity of time, the trading member possess the right to square off the open positions without even giving prior intimation to the client. Client agrees and accepts that monitoring of positions/ trades executed on an intra-day basis is his sole responsibility. The client also agrees that EWL cannot be blamed for any losses incurred by him while executing intra-day trades.
8. RMS team reserves the right to suspend the MARGIN (Intraday) facility on any script during trading hours, beyond the controls of Stock Broker. However, for clients holding open positions will be given an exit option.
9. Any open positions can be squared off at the discretion of our RMS desk, If the funds available in client trading account are short of exchange specified margins. There will be no margin call before the position is squared off. During times of extreme volatility, the loss could be more than the funds available in client trading account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.

*In case the client is found indulging in suspicious activities we may report such transactions to the exchange(s). The company is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. The company will share all the required information to the regulator, exchange, or any other recognized regulatory body when a client specific details is asked for. The company reserves the right to inform the client based on the directions received by the mentioned regulatory body.*

**Additional policies**

**a. Other aspects related with Trading Members:**

- i. Internal escalation matrix with respect to non-compliances / defaults by TMs/CPs:** In case of any non-compliance / defaults by the TMs then the same will be reported as per the below matrix:

<b>Escalation Matrix</b>				
Designated Person / Department	Contact Person	Address	Contact No.	Email Id
RMS (Risk Management) Manager	Mr. Rakesh Pathak	S-8, DDA Shopping Complex, Near Jeevan Anmol Hospital, Mayur Vihar, Phase-1, Delhi-110091	011-42445738	rms@elitestock.com
Compliance Officer (NSE /BSE) Compliance	Mr. Diwan Singh		011-42445701	compliance@elitestock.com
CEO	Mr. Vikram Luthra		011-4244753	vikramluthra@elitestock.com

- **Performance evaluation process of TMs/CPs registered with us including its periodicity:-** The performance evaluation process assesses the efficiency of the TMs/CPs operational processes, including trade execution, settlement, and reporting. Custodian Participant is evaluated for compliance with regulatory requirements, exchange/clearing corporation rules, and industry standards. The periodicity of performance evaluation is conducted on a bi-annual basis.
- **Procedures for segregation of TM proprietary and Client collaterals:** We does not comingle client collateral with the proprietary collateral and that we always provides separate collaterals for proprietary positions out of own funds only and not from the client collaterals.
- **Inspection of TMs:** TMs may be selected for inspection based on various risk factors such as trading volumes, client base, and complexity of operations, compliance history, or other relevant criteria.
- **List of Banks from which FDRs and BGs accepted:**
  - Bank guarantee received towards margin, issued by any scheduled commercial bank and approved in accordance with our risk management policy
  - Fixed Deposit Receipts (FDRs) received towards margin issued by any scheduled commercial bank and approved in accordance with our risk management policy
  - Components of cash collateral and non-cash collateral
- **Components of cash collateral and non-cash collateral-**

**Cash or cash equivalent (including client's funds) Component: -**

- Cash
- Bank Guarantee from approved bank by the exchange
- FDR from approved bank by the exchange
- T-Bills issued by RBI & approved by exchange
- Government Securities issued by RBI & approved by exchange
- Sovereign Gold Bonds issued by RBI & approved by exchange
- Liquid Bees

**Non-Cash Component (with applicable haircut):-**

- Equity Collateral approved demat securities by the exchange (including clients securities)
- Open ended Mutual Funds approved by the exchange
- Corporate Bonds which are approved by Exchanges Benefits of Non-Cash



**Disclaimer:**

*EWL reserves right to amend/ modify any of the policies/ procedures mentioned above from time to time depending upon regulatory, market, external conditions and our internal risk management framework, and the customers can obtain such change/ modification from the Company's website / app.*