EKLINGJI BROKING LLP

(**LLPIN**: ACA-2231)

Registered Office: A-1107, Unicus Shyamal, Opp Iconic Shyamal, Shyamal Cross Road, Vejalpur, Manekbag, Ahmedabad, Gujarat, India, 380015

Email: compliance@eklingjibroking.com

OUTSOURCED ACTIVITY POLICY

1. INTRODUCTION

Outsourcing refers to use of a third party – either within or outside the group - to perform the activities associated with intermediation services. A third party may be used to perform one or more activities or one or more third parties may be used to perform different activities associated with the intermediation service. Such use may be for a specified period or on a continuing basis. In an extreme form, the third parties may be used to perform all the activities associated with the intermediation service, including legal and regulatory compliances and risk management. This includes use of successive third parties, where the first third party may use the second third party to perform the activities and so on.

Securities market intermediaries in many jurisdictions are increasingly resorting to outsourcing with a view to reduce costs, and at times, for strategic reasons. This benefits market in terms of better access and better expertise. However, since the third parties may not be subject to the regulatory discipline and the activities and, not the accountability can be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing Intermediaries. While it is not desirable to ban outsourcing completely for obvious reasons, the concerns need to be addressed and the outsourcing needs to be organized in an orderly manner. Hence Eklingji Broking LLP has framed a Policy for outsourcing of its Few Activities.

2. RISKS ASSOCIATED WITH OUTSOURCING

They can be grouped into three broad categories: operational, reputational, and legal risks. The operational risks arise because Eklingji Broking LLP loses direct control over the activities and the processes, procedures, systems and people engaged in these activities. Therefore, it fails to exercise due care and diligence if the activity / service falls short of the regulatory standards. The reputational risks arise from failure by the third party to deliver as per regulatory standards which may invite regulatory actions. The legal risks emanate from the failure to enforce the contractual obligations particularly when the contractual relationship is not redefined with every change in basket of activities outsourced or the way these are discharged.

On being satisfied that a person has the required infrastructure and is a fit and proper person, Eklingji Broking LLP may outsource the activities to a third person.

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3. ACTIVITIES THAT CAN BE OUTSOURCED

- Data entry and opening of trading accounts
- Scanning and storage of account opening forms
- Printing and dispatch of welcome kits and dispatch of quarterly transaction statements
- Customer services
- Dispatch of contract notes
- Stock brokers acting as distributors for Mutual Funds schemes - distribution, maintenance of nomination details by distributors for the various schemes of Asset Management Companies, etc.

4. ACTIVITIES THAT SHOULD NOT BE OUTSOURCED

Since Eklingji Broking LLP is registered based on their strength, outsourcing of key activities by them to unregistered third parties defeats the purpose of regulation. It is therefore felt that the key activities which are crucial to the intermediation service may be delivered by the Eklingji Broking LLP itself. The informal feedback indicates that the compliance with securities laws, investor grievance Redressal and KYC must not be outsourced under any circumstance. Besides, the following activities ought not to be outsourced to third parties:

- Creation of user id/login id, password generation for internet clients
- Order management
- Operation of trading terminals
- Operations & Monitoring of Bank A/cs & DP A/cs
- Pay in / pay out of funds and securities
- Generation & dispatch of contract notes, quarterly statement of accounts, daily margin statement and monitoring of the said activities.
- Control of servers and online trading platform
- Maintenance & monitoring of client database & client financial information
- Surveillance function
- Allotment / surrender of trading terminals, opening & closing of branches
- Implementation of PMLA policies
- Risk Management system (which includes margins, trading limits, scrip / terminal enablement etc.
- IT Technology Infrastructure
- Printing of contract note.

This policy is revised and approved by the Board of Partners in the meeting held on 1st September 2026 at its registered office and will be reviewed periodically for updates as per regulatory changes.

For, Eklingji Broking LLP

Partners

EKLINGJI BROKING LLP
M.R.Shah
DESIGNATED PARTNER

EKLINGJI BROKING LLP
DESIGNATED PARTNER