

- CIN No.: L67120AP1994PLC017583
- Corporation Members : NSE (CM+F&O+CDS) & BSE (CM)
- Depository Participant : CDSL
- SEBI : INZ00026734

## Surveillance Policy and Monitoring of Transactional Alerts

### Back Ground:

This policy is framed to strengthen the surveillance frame work to facilitate effective monitoring and reporting of trading activities of clients, thus protect the system from unlawful money and activities entering into the system and to be in compliance with the AML and TFT Provisions. To Monitor and report the Suspicion, if any to FIU IND.

### Policy:

This Policy is prepared in compliance with the Order / Trade / DP / KYC Surveillance activities shall be managed independently by different Departments, to ascertain the suspicious transactions in the form of intraday volume, status, Inter Client Trades, Trade Executed at exceptionally higher or lower rates or trade executed in illiquid contracts and all other DP and KYC related activities of the clients, any suspicious alerts / activities shall be escalated to the Compliance Officer / Principal Officer.

Any Suspicious transaction shall also be reported to the Exchanges, Depositories, FIU IND, SEBI and any other regulators as per the PMLA and other policies laid down by the Company.

### Obligation to generate Additional Surveillance Alerts:

Based on the Trading, DP, KYC, holdings, funds flow activities, Risk profile, Income Range, Occupation, common demographic details, frequent changes in KYC details, frequent off market Trades, irrational Pledge transactions, dealing in illiquid shares, dealing in concentrated trades, dealing in high values not commensurate with income or occupation, dealing as a group with concentration in specific scrip, dealing in illiquid shares or derivatives without proper rational, unable to establish proper reason or logic on the transactions executed by the client, and any other irrational activities, and UCC / KYC details of the Clients, the surveillance alerts will be generated by our systems through our surveillance mechanism, RMS and back office based on both DP & Trading activities.

Our surveillance mechanism will be continuously vigilant on the transactions of the clients based on the alerts generated by various departments.

The Exchanges, Depositories and other regulators shall also be generating the alerts based on various parameters. All such alerts generated by the Depositories And the Exchanges are carefully monitored, securitized and reported to the Depositories and the Exchanges along with the one Generated by us which includes :

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Sr. No.	Indicative themes:
1	Alert for multiple demat accounts opened with same demographic details, Alert for accounts opened with same PAN / mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.
2	Alert for communication (emails/letter) sent on registered Email id / address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income / Net worth of the client.
6	Pledge transactions not commensurate with the income/Net worth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account.
8	Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent Transfers with reason code off-market sales
9	Alert for newly opened accounts where in sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after sometime.
10	Other alerts and mechanism based on the transactions in order to prevent and detect any type of market manipulation activity carried out by our clients.

Sr. No	Transactional Alerts	Segment
1.	<b>Significantly increase in client Activity</b>	<b>Cash&amp; Derivatives</b>
2.	Sudden trading activity in dormant account	Cash & Derivatives
3	Client/Group of Client (s), dealing in common Shares/Commodities.	Cash & Derivatives
4	Client(s)/Group of Client(s) are dealing in concentrated trades / Illiquid shares / Commodities / derivatives.	Cash & Derivatives
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size.	Cash & Derivatives
6.	Circular Trading	Cash & Derivatives
7.	Pump and Dump	Cash & Derivatives
8.	Wash Sales	Cash & Derivatives
9.	Reversal of Trades	Cash & Derivatives
10.	Front Running	Cash & Derivatives
11.	Concentrated position in the Open Interest / High Turnover concentration	Cash & Derivatives

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12.	Order book spoofing i.e. large orders away from market	Cash & Derivatives
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Apart from the above, we shall have our own thresholds and parameters to generate additional alerts based on transactional activities, payments made or received, nature of off market / on market / pledge transactions of the clients to ascertain whether the transactions are done with own funds for self or on behalf of any other persons and the rationale behind executing such trades to identify the suspicious transactions.

Based on the volume of our business and Clientele, all the Off Market / Pledge transactions are scrutinized by our compliance officer before execution to verify the genuineness of the transaction.

The above review shall also include the alerts generated by the Exchanges and Depositories:

#### **Obligation regarding Client Due Diligence:**

As framed in the PMLA Policy,

- Client Due Diligence is carried on an ongoing basis.
- The key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI, Depositories, Exchanges and PMLA regulations from time to time. The latest KYC details and information including the following will be updated to the Depositories and Exchanges:  
Name, Address with pin code, PAN, Valid Email Id, Valid Mobile Number and Income details.  
PAN seeded to AADHAR, will only be treated as valid PAN.

#### **Obligation for reporting the status of alerts:**

In order to analyze the trading & DP activities of the Client(s) / Group of Client(s) or scripts identified based on the alerts generated by the Exchanges, Depositories, Regulators and additional surveillance alerts generated by us, We Shall:

- Analyze and review the alerts based on the facts, transaction rationale and verification of relevant documents including Income / Net worth as provided by the client, further exercise independent judgment by seeking explanation from such identified Client(s) / Group of Client(s) for entering into such transactions and after analyzing the rationale or reason for such transactions and take appropriate action in order to detect any abnormal or suspicious transactions.
- Seek documentary evidence such as Bank statement / Demat transaction / Comtrack statement or any other documents to satisfy our self on the said transactions. The period for such statements may be at least +/- 15 days from the date of transactions or as may be required to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
- After analyzing the documentary evidences, including the Bank / Demat / Comtrack statement or any other statements, evidences substantiating the cause of action, the cause for such actions shall be recorded. All the observations for such identified transactions will be recorded.

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## Monitoring and reporting:

For effective monitoring, we have framed a surveillance policy covering:

- Receipt and review of Alerts from Exchanges / generated at our end as mentioned above. Our observations and the reason / rationale for such transactions would be recorded and also submitted to the Exchanges and Depositories as per the set guideline times.
- A register is maintained to register all the alerts generated.
- All the transactional alerts provided by Depositories and Exchanges are monitored and reviewed – the status shall be No deviations Observed, Verified & Closed, Verified & Reported to the Exchanges / Depositories including action taken at a period not exceeding 30 days.
- With respect to alerts generated at our end, we shall report adverse observations along with details of action to Depositories, Exchanges and FIU IND, at a period not later than one week from observing the alerts. In case of any delay in disposition of the alerts beyond the stipulated period, the reason for the same shall be documented.
- Suspicious / Manipulative activity will be identified from the above alerts and if we do not receive or not satisfied with the Explanation received or if it is found to be abnormal in nature, the Principal Officer will review the same and after apprising it to the Designated Director or independently as the situation demands, confidentially reports to the FIU IND, Depositories, Exchanges, SEBI or any other regulatory as deemed fit and take appropriate action including that of suspending the Client and with holding the Funds / Securities.
- Such records will be maintained for a period of Five years or such period as may be prescribed by the regulators from time to time or as required till the completion of the inquiry.

## Obligation of Compliance Officer and Internal / Concurrent Auditor of the DP:

- The surveillance process and activities shall be conducted under the overall supervision of the Compliance Officer.
- The MIS shall be put up to the Board on Quarterly Basis, on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.
- Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.

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iv.) Internal Auditor shall verify that the quarterly MIS Report is prepared and placed before the Board.

### Obligation of Reporting of status of the Alerts Generated:

The duly approved status of the alerts to be notified to the Exchanges / Depositories / FIU / Other regulators, as per the time line fixed by such regulators from time to time. The review of such alerts generated shall be notified on Quarterly basis within 15 days from the end of the Quarter to the Exchanges and Depository.

Such format for reporting can be:

Status of Alerts generated by the Depository:

Name of Alerts	No. of alerts pending at the beginning of quarter	No. of new alerts generated in the quarter	No. of alerts Verified & closed in the quarter	No. of alerts reported to Depository	No. of alerts pending process at the end of the quarter

Details of any major surveillance action taken (other than alerts reported to Depository and Exchanges), if any, during the quarter:

Sr. No.	Brief action taken during the quarter

Such reporting to be made to the Regulators as per the provisions provided by the Regulators through Electronic upload / mail / physical as desired by the regulators, Exchanges & Depositories. **Nil** reporting also need to be uploaded wherever mandated.

### Fulfillment of Surveillance Obligation:

All the Surveillance Obligations to be fulfilled in true spirit, which includes processing, monitoring and timely reporting of the status of alerts generated at Regulatory end and our end. Any such delay may attract disciplinary action by the management and the regulators.

### Review:

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs but not exceeding period of one year This policy is monitored and reviewed by the Principal Officer, Designated Director and Internal Auditor.

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### Approval Authority:

This Policy has been placed before the board and approved by the Board of Directors in its meeting held on **13/08/2024** at our Head office.

### Standard Operating Procedures for Processing of Surveillance Alerts :

(For Alerts Generated at our end And Depository/Exchange End)

{Forming part of the Surveillance Policy in compliance with CDSL Communiqué 2024/341 Dt. 20/06/2024}

Maker-Checker Mechanism is strictly followed during the processing and disposal of surveillance Alerts and are reviewed by the Compliance Officer. The maker shall review the alerts and obtain all the necessary supporting at period less than one week and the checker shall review the same at a period less than 15 days and the alerts shall be reviewed and closed by the Compliance/Principal Officer within a period not exceeding 30 Days. The time period shall vary depending on the seriousness of the Alert and the CDD process.

In case of any deviation in the surveillance point of view then the Alert must be escalated by the Compliance Officer, to the Principal Officer and the Designated Director And in case of any suspicion in the Transaction the same shall be notified to the Depositories, Exchanges, FIU and other regulators.

All the alerts generated by the DPs and Exchanges shall be reviewed and all the necessary information shall be submitted to substantiate the surveillance concern of the alerts.

All the alerts generated shall be reviewed by the Principal Officer and the Designated Director and shall be placed before the Board on Quarterly basis.

Alert Type	Standard Operating Procedures
Alert for multiple demat accounts opened with same demographic details, Alert for accounts opened with same PAN / mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.	To check the authenticity and rationale for multiple Demat Accounts with the same demographic details – same PAN / mobile number / email id/ bank account no. / address, We must do all the necessary CDD. We must ensure the reason for opening multiple Demat Accounts with the same PAN. In case of same mobile number / email id/ bank account no. / address, we shall verify the relation between the Account Holders whether Spouse/Dependent Parents/Dependent Children, HUF Kartha. In case of Corporates Directors/Promoters, In case of Trusts – Trustees, In case of Partnership Firms/LLPs Partners etc.. All the required modification forms, Declarations and other relevant documents such as PAN, AADHAR, PASS PORT, List of Directors/Promoters/ Trustees, Bank Account statements etc are verified to ascertain the genuineness and ascertain the relation within the Regulatory Frame work. In case of Individuals OVDs shall be verified to ascertain the Genuineness of the Address and IPV shall be verified. We shall verify whether the KYCs are verified by the KRAs. In case the alert satisfies the above conditions we shall record NO surveillance concern observed. In case the above factors are not satisfied and the client is not co operating , surveillance point of view then then the Alert will be escalated to the Compliance Officer, who in turn shall escalate the same to the Principal Officer and the Designated Director And in case of any deviation the same shall be notified to the Depositories, Exchanges and other regulators.

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<b>Alert for communication (emails/letter) sent on registered Email id / address of clients are getting bounced.</b>	<p>In case of Alert for communication (emails/letter) sent on registered Email id / address of clients are getting bounced, we shall verify the reason for such bouncing of such communication by contacting the Client, whether the communication is returned/bounced due to genuine reason like Mail box full or the client was not available at the time of communication and such bounce/return is not repetitive in nature.</p> <p>In case, there is no genuine reason and the client is not co operating the Account shall be suspended and further escalate the matter to verify the genuineness of the client and suspicious tag be raised.</p>
<b>Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.</b>	<p>In case of Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.. We shall verify the rationale behind such a frequent change and ascertain the genuineness of such modifications by contacting the client and recording the rationale for the same, we shall ascertain and examine whether the client is acting for itself or for some one else. The ownership shall be examined by obtaining further documentation and verifying the IPV</p> <p>Any change in KYC details shall be verified for Validation of KRA, Mobile and E mail ID shall be verified through OTP and Address through OVD. In case of change of Authorized signatory it should be supported by the relevant Documents like Board Resolution, Any change in Board of Directors shall be verified from MCA website.</p> <p>In case of any suspicion and the client is not able to submit genuine rationale then the client shall be suspended and the matter shall be escalated to the Compliance Officer, who in turn shall escalate the same to the Principal Officer and the Designated Director And in case of any deviation the same shall be notified to the Depositories, Exchanges and other regulators</p>
<b>Frequent Off-Market transfers by a client in a specified period</b>	<p>In case of alert on Frequent Off-Market transfers by a client in a specified period, we shall verify the nature and reason for the transfer, whether BUY Back or for any Corporate benefits, whether within the family/Gift within the Family/ Listed shares or unlisted shares, if listed shares what is the reason/rationale for transfer of shares for consideration, whether transfer is happening to multiple BOs or single BO. We shall obtain Bank Statements, to find out whether multiple amounts are received from multiple people into such a Bank Account. If necessary we shall obtain the Identity and geographical location of such Person/persons.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>

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<p><b>Off-market transfers not commensurate with the income / Net worth of the client.</b></p>	<p>In case of Off-market transfers not commensurate with the income / Net worth of the client, we shall verify the source of such Holdings, whether received by way of Bonus/Corporate Action, the period from which such a stock is held in the Account, whether the same is commensurate with the market practices. How the shares were obtained, whether the consideration paid at the time of acquiring is commensurate with the income/net worth. We shall verify from the Bank statements to ascertain the ownership of such shares. The reason/rationale for such a transaction shall be verified.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>
<p><b>Pledge transactions not commensurate with the income/Net worth of the client.</b></p>	<p>In case of Pledge transactions not commensurate with the income / Net worth of the client, we shall verify the source of such Holdings, whether received by way of Bonus/Corporate Action, the period from which such a stock is held in the Account, whether the same is commensurate with the market practices. How the shares were obtained, whether the consideration paid at the time of acquiring is commensurate with the income/net worth. We shall verify from the Bank statements to ascertain the ownership of such shares. The reason/rationale for such a Pledge and whether the proceeds of the same or transferred to any one.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>

<p><b>Off-market transfers (High Value) immediately after modification of details in demat account.</b></p>	<p>In case of Off-market transfers (High Value) immediately after modification of details in demat account, All the KYC modifications made are re looked into, to verify the genuineness of the modifications and the ownership. IPV is done, We shall obtain Mail Confirmation and other OTP procedure. We shall verify the reason/rationale for such a transaction. Whether the client is long term investor, liquidating his position. If it is listed company, why is he making Off Market transfer.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>
<p><b>Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent Transfers with reason code off-market sales</b></p>	<p>In case of off-market transfers provided by client for off-market transfers - transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent Transfers with reason code off-market sales.</p> <p>In case of Off Market Transactions with reason code Gift, we shall verify the relationship by obtaining PAN Card, AADHAR Card, Passport, take mail Confirmation from the client confirming the relation and gift. In case of Gift/Donation to unrelated parties, we shall verify the Gift DEED and in case the transaction is high and in case of suspicion and in case of frequent off market transfer with reason code off market sales, we shall verify the reason/rationale for such a transaction and review the same with Bank Statements.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>



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<p><b>Alert for newly opened accounts where in sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after sometime.</b></p>	<p>In case of Alert for newly opened accounts where in sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after sometime. The source of receipt of such shares into the demat Account shall be verified. From the Bank Statement and the allotment letters and the consideration paid for acquiring such shares to verify the ownership of the shares. We shall verify the genuineness of the transaction by obtaining the required information as per the value and nature of the transaction.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>
<p><b>Other alerts and mechanism based on the transactions in order to prevent and detect any type of market manipulation activity carried out by our clients.</b></p>	<p>Any other alerts shall be reviewed based on the nature of the transactions. We shall verify the rationale of the transaction as per our market experience.</p> <p>In case we find any suspicion and do not receive any proper reply or unable to produce the required record, the same shall be recorded and escalated as Suspicious transaction.</p>

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Name of Alert	Opening Balance of alerts at the beginning of the quarter (A)	No. of alerts generated during the quarter (B)	Total No. of alerts (C=A+B)	No. of alerts closed during the quarter (D)	Alerts pending at the end of the quarter (E=C-D)	Ageing analysis of the alerts pending at the end of the Quarter (since alert Generation date)(Segregation of E column)					Reason for pendency #
						< 1 month	1-2 months	2 -3 months	3-6 months	> 6 months	

Quarterly Reporting Format for Surveillance Alerts effective from 30<sup>th</sup> September 2024.