SURVEILLANCE POLICY:

1. **Objective**

In accordance with BSE Notice No. 20130307-21 dated March 07, 2013,NSE Circular No. NSE/INVG/22908 dated March 07, 2013 tradingmembers are required to frame surveillance policy for handling effectivemonitoring of trading activity of client. In compliance with the aforesaidcirculars, we adopt and implement below mentioned Surveillance Policycovering areas mentioned in the aforementioned circular.

The policy has been approved by its Board of Directors in Board meetingheld on May09, 2013 at the Registered Office of the company:

2. **What is Surveillance?**

Surveillance is the process of collecting and analyzing informationconcerning markets in order to detect unfair transactions that may violatesecurities related laws, rules and regulations. In order to ensure investorprotection and to safeguard the integrity of the markets, it is imperative tohave in place an effective market surveillance mechanism. The mainobjective of surveillance function is to help maintain a fair and efficientmarket for securities.

3. **Receipt of Alerts from Exchanges / generated on E-Boss , ENIT**

In order to facilitate effective surveillance mechanisms at the Member level,the Exchanges provides following mandatory transactional alerts along withother alerts to the trading members through e-BOSS (BSE) and ENIT (NSE),This facilitatesthe trading members to effectively

monitor the trading activity of theirclients.

Types of Transactional Alerts provided by Exchange are as follows;

Sr. Transactional Alerts

Segment No.

1. Significant increase in client activityCash
2. Sudden trading activity in dormant accountCash
3. Clients/Group of Client(s), dealing in common Cashscrips
4. Client(s)/Group of Client(s) concentrated in a few Cashilliquid scrips
5. Client(s)/Group of Client(s) dealing in scrip in Cashminimum lot size
6. Client / Group of Client(s) Concentration in a scrip Cash
7. Circular TradingCash
8. Pump and DumpCash
9. Wash SalesCash & Derivatives
10. Reversal of TradesCash & Derivatives
11. Front RunningCash
12. Concentrated position in the Open Interest / High DerivativesTurnover concentration
13. .Order book spoofing i.e. large orders away from Cashmarket

BSE – Alerts can be downloaded by log-in into e-Boss Surveillance System.

NSE - Alerts can be downloaded by log-in into ENIT- ENIT Compliance-Investigation Department – Transactional Alerts.

4. **Suspicious / Manipulative activity identification and reportingprocess**

Suspicious / Manipulative activity identification and reporting processinclude gathering of client information, analysing client activity, seekingdocumentary evidences if required, monitoring the trading activities, recordmaintenance and reporting.

• **Client Information**:
o Implementing Anti Money Laundering Policy Vis a Vis KYCstandard for New Clients Acceptance and implementing highstandard of due diligence process.
o Periodic updating of client database and having system to docontinuous client due diligence.
o Identification of Beneficial Ownership
o Identification of Multiple Accounts/common Accounts/group ofClients
oAnalysing common emails, mobile numbers, address and otherlinkages
o Other publicly available information

• **Analysis Client Activity**
Clients' trading pattern or activity shall be analysed based on Alertreceived /generated through exchange system. There are alerts whichrequire only client confirmation or explanations or trading historyanalysis and there are other alerts which require documentary evidenceviz. Bank Statement or Demat Statement for +/- 15 Days as perExchange requirements.Here, Transaction Alerts falling under Sr. No. 1 & 2 requires only tradinghistory analysis, last 12 months trading turnover analysis, turnover v/sincome range comparison and client confirmation on sudden activity indormant account. Member shall take also reasonable steps to analysisthese type of alerts and shall be required to close the status of alerts orreport the exchange in case of any adverse findings.In case of transactional alerts Sr. No. 3 to 13, apart from analyzing trading

history and income comparison, member shall take explanationsregarding alerts received from the exchange and also ask for +/- 15 Days'Bank statement in case of Funds Movement and Demat Statement incase of movement of shares and Responsible person shall verify whetherthe funds / securities for the settlement of such trades actually belongsto the client for whom the trades were transacted or not?Member shall record observation for such transactional alerts andmaintain records with regard to such analysis. In case, client failed toprovide explanation or documentary evidences, such client(s) shall bedeactivated and shall be activated only after they satisfy all requirementof this policy.

5. **Time frame for disposition of alerts**

All the alerts downloaded will be analysed by Operations Manager &Compliance Manager keeping in view Client Type, Risk Categorization,Income Range Selected and Past Trading Pattern. In case of any adversefindings, same shall be informed to Exchange with comments within 45 daysof receipt of Alert. In case of delay in disposition, written extension to be taken from respective exchange and reason for the same shall bedocumented.

6. **Record Maintenance**

Member shall record observation for such transactional alerts and maintainrecords with regard to such analysis. Record must be maintained as perstatutory time frame. A quarterly MIS shall be put up to the Board in case ofany adverse findings for further action.

7. **Supervision of Compliance Office**

In case of any alert downloaded which is suspicious, same shall be informedto Compliance Officer. Any Corrective measures/action to be taken shall beunder the supervision of Compliance Officer. Designated directors /Compliance Officer would be responsible for all

surveillance activities carriedout by the Trading Member and for the record maintenance and reporting ofsuch activities.

8. Effective Date

This policy shall be made effective from 13th July, 2015 or such extendedperiod as exchange may prescribe.