

SURVEILLANCE POLICY

Applicability & Awareness

The Board of Directors has approved the following guide lines in order to carry out the policy for surveillance as necessary for the company to manage internal control with reference to Exchange Circular No. NSE/INVG/22908 dated 07.03.2013.

Objective

A market can be considered efficient if no single entity or group of entities can influence the price discovery based on available information and / or demand and supply. The main objectives of the system can be summarized below:

- To detect potential abnormal activity
- Capture real time data on surveillance system
- To generate alerts in case of aberrations

Surveillance Obligations for Trading Members

The following activities are also required to be carried out by the Trading Members based on UCC parameters:

- **Client(s) Information:**

Trading Members are required to carry out the Due Diligence of its client(s) on a continuous basis. Further, Trading Members shall ensure that key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange.

- **Analysis:**

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scripts identified based on above alerts, the Trading Member is required to:

- a) Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- b) Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself.
- c) After analyzing the documentary evidences, including the bank / demat statement, the Trading Member shall record its observations for such identified transactions or Client(s) / Group of Client(s).

Alerts

Online Real Time Alerts

These alerts are based on the trade related information during the trading hours. These alerts include intra-day price movement related and abnormal trade quantity or value related alerts.

Online Non real Time Alerts

These alerts are based on the traded related information at the end of the day and the available historical information.

PRECAUTIONS WHILE TRADING FOR CLIENTS

Trading Members are required to ensure proper due diligence while registering new clients. Trading members are also required to be cautious while trading in illiquid securities either on own account or on behalf of their clients. Some examples of such cases could be:

- Orders placed away from the market price
- Significant concentration of the client to the market quantity
- Trading concentrated only in one script or a group of scripts.
- Repeated pattern of losses.
- Client trading indulging in synchronized transactions.
- Regular trading in securities classified as illiquid by the Exchanges.
- Possible order book manipulation.

By order of the Board of Directors