



## **POLICY ON SURVEILLANCE OF TRANSACTION ALERTS**

The below mentioned policy made as per NSE Circular No. NSE/INVG/22908 dated March 7, 2013 for Surveillance has been approved by the Board of Directors in their meeting held on 5<sup>th</sup> April, 2013. All the employees are required to follow the same and take due care for its proper implementation.

This policy is made to facilitate effective surveillance mechanisms in our organization. The Exchange will provide alerts to us based on the transactions traded on the Exchange. We have to analyze these alerts and seek client information and documentary evidence and submit the same to the exchange within the prescribed time limit.

### **Following are transactional Alerts to be covered in Surveillance**

<b>Sr. No.</b>	<b>Transaction Alerts</b>	<b>Segment</b>
1	Significant increase in client activity	Cash
2	Sudden increase in dormant account	Cash
3	Client/ Group of Client(s) deal in common scrip	Cash
4	Client(s)/ Group of Clients(s) is concentrated in a few illiquid scrips	Cash
5	Client(s)/ Group of Clients(s) dealing in scrip in minimum lot size	Cash
6	Client/ Group of Clients(s) Concentration in a scrip	Cash
7	Concentrated position in the Open Interest/ High Turnover Concentration Derivatives	Derivatives
8	Order book spoofing i.e. large orders away from the market	Cash

The above transactional alerts can be modified to add any other type of alerts as and when required.

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### **UPMOVE FINANCIAL TECHNOLOGIES SERVICES**

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The following activities are also required to be carried out by the RMS/ Compliance department or the Back Office based on UCC parameters:

### **Client(s) Information**

To carry out the Due Diligence of its client(s) on a continuous basis. Further, to 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. Based on this information, to establish groups / association amongst clients to identify multiple accounts/ common account/ group of clients.

### **Analysis**

To analyze the trading activity of the Client(s) Group of Client(s) or scripts identified based on above alerts,:

- ✓ Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- ✓ Seek documentary evidence such as bank statement/ demat transaction statement or any other documents to satisfy itself. In case of funds, Bank statements of the Client(s)/ Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s)/ Group of Client(s) from which securities pay-in has been met, to be sought.
- ✓ 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). In case adverse observations are recorded, the Trading Member shall report all such instances to the Exchange within 45 days of the alert generation. The Trading Member may seek extension of the time period from the Exchange, wherever required.

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**Following is the procedure to be adopted in case of any alert being received either from the exchange or generated at our end:**

- A. To review the alerts based on
  - a. Type of alert downloaded by the Exchange
  - b. Financial details of the client
  - c. Past Trading pattern of the clients/ client group
  - d. Bank/ Demat transaction details ( The period for such statements may be at least +/- 15 days from the date of transactions)
  - e. Other connected clients in TM's UCC (common email/ mobile number/ address, other linkages, etc.)
  - f. Other publicly available information.

If any concern is seen post inquiry/ receipt of explanation from client, we have to forward the alerts to the Exchange with his comments and any documents deemed relevant.

- B. Within 45 days of the alert generation. The extension of the time period can be sought from the Exchange, wherever required.
- C. A Register for recording the alerts has to be maintained which shall record the following Time frame for disposition of alerts , the findings , and if there is any delay in disposition, reason for the same etc.
- D. A quarterly MIS shall be put up to the Board of Directors 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 of Directors shall be apprised of any exception noticed during the disposition of alerts.
- E. The surveillance process shall be conducted under overall supervision of the Compliance Officer/ Designated Director.

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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