SURVEILLANCE POLICY

A. Background

We along with our Employees/Branch-Offices/Sub-Brokers/Authorized Persons are the first touch point in the securities market for investors and are expected to have reasonably fair understanding about their client(s) and its trading activity. Thus, Exchanges/regulators have entrusted on us the first level of the responsibility to ensure that neither us nor our client(s) are misusing the trading system by indulging in manipulation or any other illegal activities which can cause risk to the integrity of the market and distorts the equilibrium of the market.

Objectives of framing a surveillance policy covering

- Alerts to be generated.
- Threshold limits and the rationale for the same.
- Review process.
- Time frame for disposition of alerts and if there is any delay in disposition, reason for the same should be documented.
- Suspicious/Manipulative activity identification and reporting process.
- Record Maintenance.

B. Surveillance framework It is mandatory under the exchange/regulatory directives to have in place appropriate Surveillance Policies and Systems to detect, monitor and analyze transactions. For the above we have to co-relate the transaction data with their clients' information/data and. Detect suspicious/manipulative transactions is an ongoing continuous process with analysis of trades and transactions and carrying out Client Due Diligence (CDD) on a continuous basis.

In-order to implement the exchange directives, they have provided us alerts which have to be generated by us. In addition to this we have also developed in-house surveillance software. The details of both these have been enumerated below:

DEPOSITORY ALERTS

a. Alerts 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

b. Alerts for communication are of clients getting bounced (emails/letter) sent on registered Email id/address

c. If client frequently changes his details of demat account such as, address, email id, mobilenumber, Authorized Signatory, POA holder etc are monitored.

d. Frequent Off-Market transfers by a client in a specified period

e. If off market transfers value is not commensurate with the income/Net worth of the client are will get alert from system.

f. If pledge transaction values is not commensurate with the income/Net worth of the client are will get alert from system

g. A modification in demat account continues by a (High Value) Off Market transaction Immediately also get alert from system

h. 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.

i. All the alerts and mechanisms are used in order to prevent and detect any type of market manipulation activity carried from out by the clients.

I. EXCHANGE ALERTS

1. Unusual trading activity: Client(s)/Group of Client(s) who have been dealing in small quantities/value suddenly significantly increase their activity over a period of time say fortnight/month/quarter and this increases by certain threshold limit of more than 50% as compared to the earlier period of same duration, we have review and conduct a analysis on parameters such as;

1. Whether such volume is justified give the background of the client and his past trading activity.

2. Amount of funds that was brought in by the Client(s)/Group of Client(s) for the purchases made during the period.

3. Whether such inflow of funds is in line with the financial status of the client.

4. Whether the transactions of such Client(s)/Group of Client(s) are contributing to concentration or impacting the price and or volumes.

2. Sudden trading activity in dormant accounts-An inactive client resumes trading starts/resumes trading and additionally the client start trading in illiquid stocks or low market capitalized scrips or enters into huge transactions not to commensurate with the financial strength of the client, we have to review and examine the following;

1. Reasons for trading in such scrips/contracts.

2. Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices.

3. Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another account.

3. Clients/Group of Client(s), deal in common scrips/contracts contributing significant to the volume of the scrip/contract at the Trading Member level and at the stock exchange level. We need to review and examine the following;

1. Reasons for trading in such scrips/contracts.

2. Whether there is any concerted attempt by to impact the prices.

3. Whether there is any concerted attempt to indulge in movement of profit/loss from one client to another.

4. Activity of Client(s)/Group of Client(s) is concentrated in a few illiquid scrips/contracts or there is a sudden activity by Client(s)/Group of Client(s) in illiquid securities/contracts manifested in terms of volume as compared to the volume of the exchange or that of the Trading Member.

We need to review and examine the following;

1. Reasons for trading in such scrips/contracts.

2. Whether there is any concerted attempt to impact the prices.

3. Whether there is any concerted attempt to indulge in movement of profit/loss from one client to another.

5. Client(s)/Group of Client(s) dealing in scrip in quantity of one share or trade in minimum lot size.

We need to review and examine the following

1. Reasons for such trading behavior.

2. Trading pattern and repeated instances.

6. In accordance to the list of illiquid scrips/contracts provided by exchanges,

we need to review and examine the following;

1. Whether there trading is sudden trading

2. Whether there is any concerted attempt to impact the prices of such scrips/contracts.

3. Whether there is any concerted attempt to indulge in movement of profit/loss from one client to another.

4. Probable matching of transactions with another client.

5. Apparent loss booking transactions in illiquid contract/securities

6. Whether the transactions of are contributing to concentration or impacting the price.

7. Circular Trading:

1. Continuous trading of client/group of clients in particular scrip over a period of time.

2. Client/group of clients contributing significant volume (broker and exchange level) in a particular scrip – especially illiquid scrip and /or illiquid contracts

3. Possible matching of trades with a specific group of clients (like same trade number on both buy and sell side of a member and/or immediate execution of order in illiquid scrip etc.)

4. Possible reversal of trades with the same group of clients (like same trade number on both buy and sell side of a member and/or immediate execution of order in illiquid scrip)

8. Pump and Dump:

1. Activity concentrated in illiquid scrips/contracts.

2. Sudden activity in illiquid securities/contracts.

3. Percentage of activity to total market in the scrip/contract is high.

4. Trades being executed at prices significantly away from the market and later on squaring off to earn significant profits.

9. Wash Sales or Reversal of Trades:

1. Same Client) on both sides of the transaction. (i.e. same trade number on both the buy and sell side with us)

2. Reversal of transactions by same Client(s) or within same Group of Client(s) at significantly different trade prices within a short period of time says 3-4 days.

3. One client makes significant profit and other suffers a loss or apparent loss booking transactions in illiquid contract/securities including options

10. Front Running:

1. Trading, by Client employees, ahead of large buy/sell transactions and subsequent square off has to be identified and such transactions have to be reviewed for determining front running

2. There is a consistent pattern of Client employees trading ahead of large buy/sell transactions.

11. Concentrated position in the Open Interest/high turnover concentration:

1. Client having significant position in the total open interest of a particular scrip.

2. Client not reducing/closing their positions in spite of the scrip being in ban period.

3. Client activity accounts for a significant percentage of the total trading in the contract/securities at member and exchange level.

4. Monitor the trading pattern of Client(s) who have Open Interest positions/concentration greater than equal to the thresholds prescribed.

12. Order book spoofing i.e. large orders away from market :

1. Consistent placement of large orders significantly away from the market with low trade to order trade ratio or canceling orders within seconds after placing them thereby creating a false impression of depth in a particular scrip/contract

2. Repeated pattern of placement of large buy orders which are away from the market price and simultaneous placement of sell orders to benefit from price rise or vice-versa.

II. OFFLINE IN-HOUSE ALERTS

1) Report on Delivery above Rs.2500000 & TO above Rs.50000000 OR 5X+1 INCOME +NEWORTH THERSHOLD BREACHED– all segments of equities and commodities Placement of large orders with the delivery turnover contributing in value terms above Rs. 25,00,000/- and trading turnover in terms of value above Rs. 5,00,00,000/- for all segments or Depending upon on Thresholds limit 5X +1 of the Clients are being generated.

1. In case if the name of any new client appears in this report and / or the name of the client comes again in the report after a period of 15 days to one month, then compliance team informs about the said trade details to the RMS team if required, 2. Thereafter RMS team does the trade/ledger confirmation with the end client and accordingly updates the compliance team.

2) CASH Excess Volume (more than 5% of market volume) (equity segment) Trades in equity segment contributing to more than 5% of the exchange volume are generated.

1. The records so generated are analyzed vis-a vis exchange volume, repeated days of the trading and price volatility, company financials etc.

2. In case of any repeated days of trading, contributing to significant exchange volumes and or price volatility or concentrated trading among selective group of client is observed, then in such instances after analysis appropriate steps are taken.

3) Illiquid scrip (equity segment) Trades in equity segment for the illiquid scrips (which have been identified as illiquid by exchange) are generated.

1. The records so generated are compared visa vis. exchange volumes, repeated days of trading, price volatility in the scrip.

2. Additionally the financials of the company are also analyzed to ascertain whether the trading volumes and price movements are justified.

3. In case any trading is found to be abnormal, initial alerts are sent to the branches. If repeated, after proper verification and analysis the scrip may also is blocked from further trading.

4) F&O Profit/Loss & Futures Rate Fluctuation (equity derivatives) Trades in equity derivatives for the above referred parameter which are generated in case of clients executing trades at price above 20% of the previous closing price and or incurring huge profits or losses are generated.

1. For the records generated under this alert are evaluated in case of any un-usual pattern clarification from the client/or branch is sought.

5) F&O Excess Volume (more than 5% of market volume) (equity and commodity derivatives) Trades in derivatives and commodity derivative are generated in trades are more than 5% of market volumes

1. For the records generated under this alert are evaluated visa-vis the strike price, maturity date of the contract, type of derivative contract, underlying etc are analyzed and evaluated.

2. In case if the name of any new client appears in this report and / or the name of the client comes again in the report after a period of 15 days to one month, then compliance team informs about the said trade details to the RMS team.

3. Thereafter RMS team does the trade/ledger confirmation with the end client and accordingly updates the compliance team.

6) Matching of Trades – all segments (equities and commodities) The trades which get matched (applicable for all segments) at member level and or client level are generated under this alert.

1. The records so generated, comparison is done to ascertain whether they have been carried out from the same trading terminal or same location or for group of same family codes.

2. In case of illiquid scrip/contracts or significant volumes or price volatility observed, explanation is sought and or warning is issued to the client.

III. ONLINE IN-HOUSE ALERTS

The following are the various alerts, wherein the records coming under these alerts are analyzed with the financials of the company, repetitive nature of the instances, volumes and or price volatility. These alerts are observed by the RMS/Track wizz Systems on real time basis and in case of any suspicious nature, appropriate reasons are sought from the branch/franchisee/clients. We have summarized the online alerts which are being monitored as on date:

1) Module of Online Trade Matching Popup : In this module all the trades that get matched can be viewed and thereafter further verification and/or analysis is done.

2) Module of Online Delivery Tracker: This report provide the trades of the clients who take delivery above Rs.5 lacs in value terms or all delivery above 10,000 in quantity terms (this limit is modified on time to time basis.

3) Module on Online Ban Scrip Position Tracker: This report provides the records in case any client takes position in "Ban" security, then we can come to know via this pop up that position is open and may attract penalty in case position is carried further.

4) Module on Unregistered/Inactive Client Trade: This report shows that in case any client is inactive as per our back office software or not registered, in spite of which trade is done the details can be ascertained via trading terminal and can be restricted from further trading and to complete the reactivation/registration process as the case may be.

5) Module on Spurt in volume: This reports provide the records of the trades in which there is any sudden increase in volume in comparison with 2 weeks average exchange volume.

6) Matching of Trades (in commodities): The trades which get matched at member level and or client level are generated under this alert. The records so generated, comparison is done to ascertain whether they have been carried out from the same trading terminal or same location or for group of same family codes.

In house Alerts in Track-wiz Systems.

S21 Net Money In 30 Days
S24 High Turnover 1 Day
S30 Net Money In 1 Day
S31 Net Money Out 1 Day
S34 Net Money Out 30 Days
S37 Synchronized Trading 1 Day EQ
S43 Synchronized Trading 1 Day FnO
S49 High Turnover in 1 Day FnO
S50 Artificial Volume Creation
S51 Artificial Volume Creation Illiquid
S52 Artificial Volume Creation Derivatives
S53 Net Pay IN CM Avg 6M
S54 Net Pay Out CM Avg 6M
S58 Delivery Turnover 1 Day
S59 High Money In Flow - New Account
S60 High Money Out Flow - New Account
S64 Trades in Dormant Account EqFoCu
S65 Trades In Dormant Account 365Days EqFoCu
S72 Marking High Open Price
S73 Small Orders In Single Stock 15 Days
S86 Intraday Turnover 1 Day EQ
S87 Intraday Turnover 1 Day FnO
S88 Structured Purchasing
S90 BSE Synchronized Trading 1 Day EQ
S91 Turnover in ASM GSM and Unsolicited Messages Scrip in EQ
S104 Client Net Sell
S112 Reversal Of Synchronised Trading
S113 Reversal Of Synchronised Trading Fno
S501 Net Money In Commodities 7 Days
S502 Net Money In Commodities 15 Days
S503 Net Money In Commodities 30 Days
S504 Net Money In Commodities 90 Days
S505 Net Money In Commodities 180 Days
S506 Net Money Out Commodities 7 Days
S507 Net Money Out Commodities 15 Days
S508 Net Money Out Commodities 30 Days
S509 Net Money Out Commodities 90 Days
S510 Net Money Out Commodities 180 Days
S511 High Money In Flow Commodities New Account
S512 High Money Out Flow Commodities New Account
S513 High Turnover in 1 Day Commodity
S514 Net Money In Commodities 1 Day
S515 Net Money In Commodities 365 Day
S517 Net Money Out Commodities 365 Days
S516 Net Money Out Commodities 1 Day
S518 Synchronized Trading 1 Day Commodities

S519 Synchronized Trading 30 Days Commodities
S520 Artificial Volume Creation Commodities
S532 High Turnover by Group of New /Not Traded Clients in 1 Day Commodity
S522 Self Trade 1 Day Commodities
S538 Client trading activity compared with dealing off address in Commodity
S521 Trade In Dormant Account 365 Days Commodities
S523 Trade In Dormant Account 180 Days Commodities
S102 Client Purchase to Income
S116 Reversal of Synchronised Trading EQ 90 Days
S118 Reversal of Synchronised Trading FNO 90 Days
S525 Net Pay OUT CM Avg 6M Commodity
S524 Net Pay IN CM Avg 6M Commodity
S127 Loss compare with Exchange T/o
S126 Profit or Loss compare with Exchange T/O
S144 Intra Day Turnover 1 Day FNO with premium TO
S526 Intraday Turnover 1 Day Commodity
S215 Group of clients controlling substantial proportion of the market open interest
S217 High TO in Option in long dated expiry
S211 Default on delivery obligations
S227 Reversal of Synchronized Trading For All Segments
S237 Consistent EQ Profit or Loss in a calendar month compare with Profile
S242 High Volume compare with Exchange Avg Volume
S243 High Volume compare with Exchange Avg Volume by Group of Clients
S245 Synchronized Trading Within Relatives of Entity
S246 Trading only in Options
S247 Trading in Illiquid Near the Price Bands by Client
S248 Trading in Illiquid Near the Price Bands by Group of Client
S529 High Volume compare with Exchange Avg Volume in Commodity
S530 High Volume compare with Exchange Avg Volume by Group of Clients in Commodity
S531 High Turnover by New Or Not traded client in 1 Day Commodity
S534 Small Orders In Single Stock By Group Of Clients Commodity
S533 Small Orders In Single Stock Commodity
S249 Onboarded Unrelated Clients Online From the Same Device
S145 High Turnover In 1 Day In Specific Scrip
S149 Intraday Speculation Profit/Loss
S151 High Turnover by Group of Clients in 1 Day EQ
S152 High Turnover by Group of Clients in 1 Day FNO
S153 High Turnover by New Client in 1 Day EQ
S154 High Turnover by Group of New Clients in 1 Day EQ
S155 High Turnover by New Client in 1 Day FNO
S157 Small Orders in Single Stock by Group of Clients EQ
S156 High Turnover by Group of New Clients in 1 Day FNO
S158 Small Orders in Single Stock FNO
S159 Small Orders in Single Stock by Group of Clients FNO
S160 Trade near Corporate Announcement
S832 Multiple Accounts Opened with Common Details
S833 High Value Off Market Transaction in a Specified Period (CDSL & NSDL)
S834 Client High Value Off Market Transaction vis-a-vis Fair Value (CDSL & NSDL)
S161 Trade near Corporate Announcement by group of clients EQ
S162 High Turnover by Group of Clients in 1 Day in Specific Scrip EQ

S836 Client High Value Off Market Transaction vis-a-vis Modification in Demat Account (CDSL & NSDL)
S835 Client High Value Pledge Transaction vis-a-vis Fair Value (CDSL & NSDL)
S163 High Profit or Loss by Group of Clients in 1 Day EQ
S164 High Profit or Loss by Group of Clients in 1 Day FNO
S166 Frequent Change in Client KYC
S837 Frequent Change in Client KYC for DP Accounts (CDSL & NSDL)
S165 High Turnover in Pledge Shares 1 Day EQ
S838 Multiple Times Communication Bounced For DP Accounts
S167 Client Trading Activity vis Pledge/SignificantHolding/Off Mkt
S840 Client Off Market Transfer Of Specific Reason Consolidate Vis Fair Value
S841 Sudden Increase in Transactions and Holding Decrease Significantly
S527 Intra Day Profit or Loss compare to Exchange in 1 Day Commodity
S168 Client Trading With Same IP Address
S169 Client Trading Activity Compared With Dealing Off Address
S185 Consistent Intraday Profit Or Loss in a calendar month
S170 Group of client trading activity compared with dealing office address
S188 Trades by Debarred Customers
S191 Executed trade vis-a-vis order
S192 Unexecuted Order Based Surveillance
S851 Off Market transfer to unrelated accounts (TM13)
S853 Off Market delivery in unlisted scrip (TM 13B)
S854 Gift Donation related off market transfer (TM 13C)
S855 Off Market transfer at variance with market value (TM 13D)
S856 Off Market Transfer in suspicious Scrip (TM 13E)
S857 Suspicious closure of account (EI 13)
S852 Suspicious off market credit and debit (TM 13A)
S196 Sudden increase in Margin Trading Facility (MTF) exposure
S863 Transactions in Dormant Account CDSL & NSDL
S528 Artificial Volume Creation Intraday Commodities
S206 Monthly Net Money In With New Account And Avg 6 Month
S208 Multiple Accounts Opened With Common Mobile Or Email
S210 High TO in OTM contracts and incurring losses
S212 Client With Same Location and Concentrate in Same Instrument
S213 Pump and Dump and vice versa
S214 Scrip Concentrate by Group of Clients For all Segments
S218 High Qty traded in short span of time for all Segments
S216 High TO through Front Running Trades
S209 Trade Done With Using Common Devices
S867 Reversal Off Market Transactions
S869 High value deals in Single Transaction Compared with Fair Value 1 day
S870 High value deals in Aggregate Transaction
S871 Turnover vis-a-vis Financial Income Submitted by Client
S872 High Value Transaction in a New Account
S873 Frequent Small Quantity Transaction in DP Account
S874 Transaction in Illiquid Scrips OR Unlisted Scrips
S875 High value deals in Aggregate Transaction Monthly
S876 High value deals Compared with Fair Value Monthly
S535 Trading Activity vs Reported Income / Net worth
S536 Speculation Profit Loss in Commodity

S537 High Profit or Loss by Group of Clients in 1 Day Commodity
S540 Synchronized Trading Within Relatives of Entity in Commodity
S539 Group of client trading activity compared with dealing office address in Commodity
S541 Trading only in Options in Commodity
S542 Scrip Concentration in Commodity
S238 Peak Margin Or Payin obligation in Calendar Month Disproportionate with Profile

IV. ADDITIONAL MONITORING

1. Not allowing trades of entities which are banned by SEBI/Exchange/other regulators. This database is verified by the KYC team before client account is activated.

2. Trading is allowed to commence only after execution of the client registration form and all the mandatory Unique Client Code (UCC) parameters such as Name, Address, PAN No. etc., have been uploaded by us to the Exchange portal.

3. Client wise, demat account numbers are provided to the demat account holders only after obtaining the Client registration forms and activating the same into the DP system.

4. Clients who have debit balance in their ledgers continuously for a certain period of time or who default in making payment/delivery. This is monitored by our RMS team who dedicated does follow up with the clients /branches/AP's and also restricts from further trading.

5. Bulk deals have been disclosed/reported; illiquid scrips/contract or derivatives scrips which are in ban period. Trading activity in such scrips may be analyzed for Client.

We need to correlate the transactional alerts with the information of client(s) available with them. The correlation of alerts with information of Client(s)/Group of Client(s) would help Trading Members to identify, mitigate and manage such transactions as well as minimizing business risk.

1. Frequent instances of payment by Client(s)/Group of Client(s) in the form of cash equivalents like Demand Draft, Pay order etc. to be monitored .

2. When home or business telephone number has been disconnected or there is no such number when an attempt is made to contact client or documents sent at its email/home/business address returned undelivered.

3.Having multiple accounts with the Trading Member and using different trading accounts alternatively.

4. Client frequently changing bank/ demat account.

5. Clients gets Payout with FIXED/Constant amount in any Consecutive manner.

6. Multiple Clients traded in Common IPs.

C. Analysis

In order to analyze the trading activity of the Client scrips identified based on above alerts, we can do the following: -

1. Shortlist Client for further analysis.

2. Seek explanation from such identified Client

3. Seek documentary evidence such as bank statement/ demat transaction statements of last 6 months to 12 months period, to satisfy itself.

4. On the basis of information received from the client and after proper evaluation and analysis, we decide our steps for suspending code and or the scrip from further trading.

D. Reporting

All action/analysis with respect the alerts generated should be completed within a reasonable time frame

The surveillance policy of the Trading Member to be approved by the Board of Directors

A daily reporting of the alerts to the designated director and principal officer / a quarterly MIS to the Board of Directors if there are alerts as to the number of alerts received, disposed off during the quarter and pending at the end of the quarter and the. Reasons for pendency should be discussed and appropriate action taken for disposing of the alerts.

The surveillance process to be conducted under overall supervision of its Compliance Officer/Principal Officer

Principal Officer under the PMLA directives/ Compliance Officer of the Company and their team would be to be responsible for all surveillance activities carried out for the record maintenance and reporting of such activities under the supervision of the 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.

This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.

Certain few things we can implement provided the concerned departments monitor and keep track

Internal Audits

Regular audits of the surveillance system, alert handling, and policy implementation to ensure compliance and effectiveness.

POLICY ACCESS AND REVIEW

- **Annual Review**
  The Surveillance Policy will be reviewed annually or when regulatory changes are enacted.
- **Availability**
  The policy is accessible to auditors, regulators, and internal teams as required.

Board Reviewed and Approved on: 20th February 2026.