

POLICY FOR SURVEILANCE OBLIGATION FOR TRADING MEMBERS

With reference to the captioned subject, we, Dalmia Securities Private Limited, has formulated the policies on the following parameters .

1) Monitoring of Transactional Alerts provided by the Exchange

The Compliance Officer will supervise the following alerts provided by the exchange (if any) on regular basis on ENIT/BSE EBOSS .

Transaction Alerts:

Sl. No	Transactional Alerts	Segments
1	Significantly increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), deal in common scrips	Cash
4	Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Wash Sales	Cash & Derivative
10	Reversal of Trades	Cash
11	Front Running	Cash
12	Concentrated position in the Open Interest / High Turnover concentration	Derivative
13	Order book spoofing I.e large orders away from market	Cash

Client(s) Information / Due Diligence :

As a measure of customer acceptance policies and procedures that aim to identify the customers the below mentioned factors are followed for accepting a client:

- a. Accounts are opened after due appraisal & diligence of documents vis-à-vis relevant Rules and Regulations laid down by SEBI , Exchange & appropriate governing authority
- b. Appropriate persons are designated for KYC norms to ensure compliance *prima facie*.
- c. Necessary checks are prepared and followed to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

- d. Scrutinising of Client identity is done to access whether they belong to a particular group or not - based on past trading history, identification of beneficial ownership details, nominee details, financial statements/ common emails/ mobile number/ address or available public information.
- e. Any documentary requirement as per relevant law enforced are properly collected
- f. KYC parameters and latest information of the clients are updated in UCC data base of the exchange as and when changes take place (if any) .
- g. Company transfers client to inactive status if a client does not trade for last 12 months. Any client trading after the lapse of such period has to submit relevant latest data and a letter of reactivation in prescribed format of the company.

Analysis of Clients transaction

With reference to the alert generated in the exchange system be it client wise / Group client wise/ scrips wise , the following steps are carried out for analysis of the same.

- a. Identifying the client based on UCC .
- b. Verifying whether trading activities has been carried on group wise or singly, by scrutinizing on parameters of past trading history, identification of beneficial ownership details, nominee details, financial statements/ common emails/ mobile number/ address or public information etc.
- c. Checking past trading activities of the clients
- d. Seeking documentary evidence

In case of funds: by scrutinizing banks statements from which the paying has been met

In case of securities demat account statements from which paying has been met

(Both the above statements dates be it bank statements or account statements should not be more or less than 15 days from the transaction dates.)

e. After scrutinisation, the Compliance officer is required to put its observation in writing for future reference. The same is preserved for the period of 10 years

In case of adverse observation, the trading member shall report to exchanges all such instances within 2 working days of the alert generation date.

Monitoring and Reporting

For effective monitoring and reporting the trading member (DSPL) shall maintain all the alerts in the below mentioned format:

Sl No	Date of Alert	Client Name UCC	Particulars of Alerts	Observation of the trading member	Supporting Documentary Evidences For verification of the alerts	Date of Disposal	Signature of the Compliance officer	Observation of the board	Board Meeting Approval Date	Signature of the Person Authorised by the board

- a) All alert irrespective of its status: generated, disposed, or pending during the particulars quarter shall be placed before the board in their meeting for its approval
- b) The entire surveillance process shall be under the overall independent supervision of Compliance officer.

FLOW CHART SEQUENCE WISE

