**SURVEILLANCE POLICY**

**Introduction& Scope**

This Surveillance Policy (‘Policy’) is adopted by the Board of Directors of A K Equities Pvt. Ltd (hereinafter referred as RAJCHANDRA CAPITAL SERVICES PVT LTD) in the meeting of the Board of Directors held on**06.04.2015.**The Policy is applicable to all clients of **RAJCHANDRA CAPITAL SERVICES PVT LTD**.

For the purpose of this Policy ‘a client’ shall mean and include both individuals and non-individuals who as on date of this policy have a Trading and/or a Demat account with us and to all such individuals and non-individuals who subsequently enrol with **RAJCHANDRA CAPITAL SERVICES PVT LTD** as clients by opening a Trading and/or Demat Account.

The Policy has been framed in pursuance of the various circulars issued by the Exchanges and applies to those transactions undert RAJCHANDRA CAPITAL SERVICES PVT LTDn by the clients of **RAJCHANDRA CAPITAL SERVICES PVT LTD** that have been reported by the Exchanges through their respective portalsand also to those transactions for which an alert is generated internally by us according to parameters set within such software which shall be in conformity with at least the minimum standards prescribed by the Exchanges vide its circulars NSE Circular no NSE/INVG/47853 dated 1st July 2021 and BSE Notice no 20210701-30 dated 1st July 2021

The Policy hereinafter defines the following;

1. The broad parameters on basis of which an alert is to be generated by us.
2. The time-frame for investigation and closure of both kind of alerts (received from Exchanges and generated internally).
3. Responsibility for closure of alerts
4. Modus-Operandi for investigation, requisition of documents and other subsequent procedures
5. Matrix of escalation and actions for non-cooperation by clients.
6. Obligations of compliance officer and internal auditor
7. Presentation of Quarterly MIS to the Board of Directors for their noting and approval.
8. Miscellaneous Matters in connection with Surveillance Activity.
9. **Broad Parameters for internal generation of alerts.**

Exchanges will continue to provide the alerts which have to be downloaded by us. In addition to this, **RAJCHANDRA CAPITAL SERVICES PVT LTD** shall generate the alerts through our in house software on the basis of the indicative themes of alerts as per the relevant circulars issued by Exchanges. The indicative theme of alerts are as under:-

* Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
* Client / group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
* Client / group of clients dealing frequently in small quantities / minimum market lot in a scrip / contract.
* Disproportionate trading activity vs reported income / Net worth.
* Frequent changes in KYC submitted by clients.
* Based on an announcement by a listed company, identify client / group of clients, having possible direct / indirect connection with a listed company, who have undert RAJCHANDRA CAPITAL SERVICES PVT LTD any suspicious trading activity prior to price sensitive announcement by said listed company.
* Client / group of clients having significant selling concentration, in the scrips, forming part of ‘For Information list’ or ‘Current Watch list’.
* Consistency in profit / loss at client / group of clients’ levels.
* Significant trading activity in scrips by client who has pledged the shares of same scrip.
* In case of concerns of trading activity of a client / group of clients in scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client’s address as per KYC vis-a-vis the dealing office address.
* Trading Members who have facility of internet based trading, IP address of clients to be monitored (including identification of multiple client codes trading from same location)

1. **Time-frame for investigation & closure of Alerts**

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| S.N | **Particulars** | **Time-Line** | **Remark** |
| 1 | Alert Date | T | The date on which the alert is received from the exchange or generated internally by Trackwizz |
| 2 | Preliminary investigation of alert and requisition of documents/ explanation from client/ Relationship Manager (‘RM’)/ Authorized Person (‘AP’) (if any) | T+7 | If no information is required from the client the alert is to be flagged as ‘Normal’ and closed. |
| 3 | Single follow-up for explanation from the client/ RM/ AP and escalation in event of non-cooperation; OR  Examination of explanation received from Client/ RM/ AP. | T+21 |  |
| 4 | Further investigation of alerts on basis of explanation/ documents received from clients/ RM/ AP and reporting to concerned Department Head for action to be t RAJCHANDRA CAPITAL SERVICES PVT LTDn; OR  Updating clients KYC and other records on basis of explanation and supporting documents received. | T+30 |  |
| 5 | Taking necessary action against client, OR  Closure of alert as ‘Normal’ after client’s KYC and other details are updated | T+30 |  |
| 6 | Recording reasons for not closing an alert within 30 days and appraising management, through the compliance officer, of the same. | T+30 onward | This can be placed before the Board either before or at the time of placing quarterly MIS before the Board. |

1. **Responsibility for closure of alerts**

All alerts generated internally shall be closed by the Surveillance Team as per time-frame given in clause 2 above and all alerts received from the Exchanges shall be closed by the Compliance Team on the respective portals.

The responsibility for investigating an alert received from the exchange shall be shared jointly by both the Surveillance Team and the Compliance Team. Hence, the primary responsibility of investigation, requisition of documents, followup will be with Surveillance team. Compliance team is supposed to recheck the findings and then close the alert at Exchange portal

1. **Modus-operandi for investigation, requisition of documents and other subsequent procedures**.
2. **Analysis of alerts:-**

Surveillance Team shall analyze the transactions on basis of the alerts received from the Exchanges and internal system.Points to be considered while analyzing transactional alerts-

1. Client declared Income Range/ Net worth of client.
2. Whether a client/ group of clients trading in particular scrip are related parties of the Company of which the scrip is being traded in by such clients/ group of clients.
3. Verification of the Ultimate Beneficial owners in case of Non-Individual Clients.
4. Check client trading pattern w.r.t..Scrip Concentration ,High % of Exchange Turnover, Substantial increase / decrease in business without apparent cause., Resumption of trading in Dormant A/c , Consistent Intra Day Losses, Trading in illiquid securities, Sudden trading in Illiquid / T2T Securities
5. Check payment pattern w.r.t. Frequency of Payment , Payment by way of DD, payment as compared to declared income
6. Wherever required the Surveillance team shall obtain necessary / relevant documents from the client including bank / demat account statement for analyzing / processing of alerts.
7. Scrutiny of explanations and documents furnished by the client(s)/ Relationship Mangers/ APs against alerts received w.r.t. their trades.
8. Check address of client and dealing office address in case of offline trades. In case of trade from distant location, get clarification in writing from client for trading from distant location.
9. **Updating of Client(s) Information/ Due diligence measures:**
10. For any client/ group of client(s) for whom alerts are have been trigged multiple times;

* Client Due diligence shall be carried out on an on-going basis.
* KYC parameters of clients shall be updated on a periodic basis and latest information of the client shall be updated in UCC database of the Exchange

1. Clients shall be advised to update their income range/ networthwith us by giving self-declaration.
2. **Matrix of escalation and actions for non-cooperation by clients.**

In the event that a client is not forthcoming with requisite details, the matter shall be escalated to Director.

In case of non-cooperation from client his trading account will be suspended for any new buying with immediate effect.

1. **Obligations of Compliance Officer & Internal Auditors**

* Surveillance activity shall be conducted under overall supervision of Compliance Officer
* Internal Auditor of Trading Member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the Audit period. The Auditor shall record the observations with respect to the same in their report
* Internal Auditor shall verify that the quarterly MIS is prepared & placed before the Board of Directors

1. **Presentation of Quarterly MIS to the Board of Directors for their noting and approval**

Within 7 days from the end of every quarter, all alerts received during a quarter shall be consolidated under one single file, as per format prescribed by the Exchanges and a summary shall be put up to the Board of Directors.. Reasons for pendency, if any shall be mentioned along with the appropriate action tRAJCHANDRA CAPITAL SERVICES PVT LTDn within the consolidated file and presented to the Board along with said summary. The Board shall also be apprised of exception noticed during the disposition of alerts. The recommended draft is as under:-

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| **Name of Alert** | **No. of alerts pending at beginning of quarter** | **No. of new alerts generated during the quarter** | **No. of alerts verified & closed in the quarter** | **No. of alerts reported to Depository** | **No. of alerts pending process at the end of the quarter** |
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After the approval of all the alerts by the board the report of all alerts generated by us shall be uploaded to the exchange portals in the format prescribed by the Exchanges.

1. **Miscellaneous Matters in connection with Surveillance Activity**
2. **Record maintenance:**

The records for the all alerts and related documents shall be maintained for a period of 10 years as specified under the Prevention of Money Laundering Act.

1. **Regulatory Penalties:**

In event that a penalty is levied by the Exchange(s) for any trades deemed as abnormal/ non-genuine, the Compliance Head shall in consultation with the Management issue notice of show cause to the concerned Client/ Group of Clients calling for explanation as to why penalties should not be passed onto the clientor other suitable action be initiated against them.

In the event of failure on part of the notice to respond to the aforesaid show cause notice within the prescribed time, the Compliance Head shall initiate necessary action for recovery of the penalty amount with the prior approval of Director.

1. **Policy Review:**

* An event based review of this Policy shall be done on the basis of any regulatory updates and/ or improvisation in process of investigation of alerts.
* Every change in the procedure and new norms introduced by regulatory authorities shall be communicated by Compliance team and to be incorporated in the policy.
* Regular training to be conducted to surveillance team on every change.

**For RAJCHANDRA CAPITAL SERVICES PVT LTD**

**SANDHYA VARADKAR**

**(Compliance Officer)**