Devgiri Securities Private Limited

Policies and procedures surveillance policy

For

Stock broking operations Dated 20.02.2024

Version 1.2024

1. **Applicability:**

The policy is applicable to the stock broking operations w.e.f. 20.02.2024 of **Devgiri Securities Private Limited**. The policy is approved in the meeting of Board of Directors of dated 20/02/2024. The policy is framed in accordance with the provisions of SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/22 dated 01.03.2021, NSE

Circular No. NSE/SURV/48818 dated 01.07.2021

2. **Surveillance Policy for Stock Broking:**

- The Stock Exchanges viz. NSE are providing alerts based on predefined criteria to the all the stockbrokers including Devgiri Securities Private Limited through their portals. As per applicable Circulars, Devgiri Securities Private Limited is reviewing these alerts and taking appropriate actions after carrying out due diligence viz. either disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR) with FIU-India in accordance with provisions of PMLA (Maintenance of records) Rules,2005.
- In addition to the same, Devgiri Securities Private Limited has framed its Surveillance Policy for Stock Broking operations to generate alerts as per guidance provided in NSE Circular No. NSE/SURV/48818 dated 01.07.2021 based on following criteria:

\- Trading activity in a single day by one client or group of clients who have contributed more than 25% in a single scrip or a single derivative contract.

\- A client or a group of clients who are either new client/ clients or who have reactivated their trading account after significant time gap and who have contributed more than 50% of the total trading volume of a single scrip or derivative contract in a single day.Client or a group of clients dealing frequently in small quantities in a scrip.

- Trading activity of a client found to be disproportionate considering a reported income range detail or networth.
- A client who has submitted modification request for changes in his/her/its demographic details of address, email id, mobile number, bank details etc. at least twice in a month.

- A client or a group of clients who have been found to have direct or indirect connection with a listed company and who have executed any transactions prior to any dissemination of any price sensitive information by such listed company.
- A client or group of clients having more than 20% volume of any scrip listed in for ‘information list’ or ‘current watch list’.
- A client or group of clients which persistently earn or incur high amount of loss through their trading activities or clients who appear to have executed trades with the objective of transfer of profits or losses.
- A client who is holding more than 5% of paid-up capital of a listed company and has pledged 100% of his/her/it’s such holding for margin purpose and who has also significant trading volume in the same scrip which he/she/it holds.
- In case of a client or a group of clients who have been identified as per any of the above 9 criteria and whose orders are placed through a dealing office which is far from such client’s address as per his/her/its KYC.
- client having demat account with Devgiri Securities Private Limited and who has holding in a scrip of more than 5% of paid-up capital of a listed company which has received the same shares though off-market transfer.
- A client who has received shares of a listed company through multiple off-market transfer and has pledged such shares.
- Identification of IP addresses of clients to identify multiple client codes trading from same IP address.

- Clients who are connected with each other as per key KYC parameters of the clients as updated by respective client.

- In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
- The stock broking operation shall identify suspicious/ manipulative activities undertaken by any client through monitoring of order(s) and trade(s).
- The stock broking operation shall, in case of reporting of any transaction as STR to FIU-India, shall evaluate whether any further action including suspension of the trading activity of the suspect client(s), reporting to Stock Exchanges/SEBI and/or other Regulatory Authorities.
- The stock broking operation shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2005, and Securities Contracts (Regulation) Rules, 1957 and any other directions as may be issued by SEBI/ Stock Exchanges from time to time.

j. The Broker shall review the alerts provided by NSE on fortnightly basis and shall ensure to process the same as early as possible. In any case, these alerts will be processed within 30 days from the date of generation of the alert by NSE. In case of any delay in disposing off any alerts, reasons for the same shall be recorded.

k. We shall identify suspicious/ manipulative activities undertaken by any client through monitoring of transaction(s)

l. We shall, in case of reporting of any transaction as STR to FIU-India, shall evaluate whether any further action including disassociating with the suspect client(s) and reporting to NSE/SEBI and/or other Regulatory Authorities.

4. Process of disposal of alerts and action:

- The designated officials who are tasked to review the alerts on daily basis shall review the same.
- If the designated official finds after review and due diligence that the alert is required to be closed, the official shall close the same with appropriate remarks.
- If the designated official after due diligence and making such inquiry as such official finds necessarily comes to a conclusion that the alert warrants an action, the official will forward the same with his/her views to the Compliance Officer for his/her approval.
- The Compliance Officer, after review of the alerts along with the submitted comments of the designated official, decides to close the alert, he/she shall close it with appropriate remarks.

5. Obligations of Compliance Officer/ Designated Director and Internal Auditor of the Stock Broking operations:

- The surveillance activities of the stock broking operations and that of DP operations shall be conducted under overall supervision of the Compliance Officer of Devgiri Securities Private Limited. The policy implemented by Devgiri Securities Private Limited in accordance with the provisions of Prevention of Money Laundering Act, 2002 and rules made thereunder as Reporting Entity.

- A quarterly MIS shall be put up by the Compliance Officer to the board and the Designated Director giving number of alerts generated during the quarter, number of alerts closed, number of alerts on which action taken with details of action taken and number of alerts pending at the end of the quarter along with reasons for pendency and action plan for closure. The Board as well as the Designated Director shall be appraised of any exception noticed during the disposal of the alerts.

- The Designated Director shall be responsible for all surveillance activities carried out by the trading member.

- Devgiri Securities Private Limited shall submit its surveillance policy to the internal auditor for stock broking operations and internal auditor of DP operations for review and shall satisfy the queries/questions, if any, raised by the internal auditor with respect to the implementation of the surveillance policy, its effectiveness and the alerts generated.

6. Obligation of Quarterly reporting of status of the alerts generated for Stock Broking Operations :

- A quarterly statement providing duly approved status of alerts in respect of stock broking operations on quarterly basis shall be submitted to NSE in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Trading Member:

Name of Alert	No. of alerts under process at the beginning of quarter	No. of new alerts generated in the quarter	No. of alerts Verified & Closed in the quarter	No. of alerts referred to Exchange (*)	No. of alerts pending/ under process at the end of quarter

B. Details of alerts referred to the Exchange

Sr. No.	Date of Alert	Type of Alert	Brief observation and details of action taken	Date referred to Exchange

C. Details of any major surveillance action taken (other than alerts referred to Exchanges) if any during the quarter

Sr. No.	Brief action taken during the quarter

In case Devgiri Securities Private Limited does not have anything to report, a “NIL Report” shall be filed within 15 days from the end of the quarter.

7. Schedule of the implementation of the policy:

- The policy shall be implemented by stock broking operations with effect from 20.02.2024. The first reporting by Stock Broking operations shall be submitted within 15 days.

8. Review of Policy:

The Surveillance Policy shall be reviewed on Yearly basis and at least once a year by the Compliance Officer to ensure that the same is updated in line with market trends, updated regulations, and practices.