



# R.L.P. Securities Private Limited.

Corporate Member – NSE, BSE, MCX, NCDEX. DP - CDSL.  
SEBI Regn. NO: INZ000166638. DP : IN-DP-224-2016.



## Surveillance Policy And Monitoring of Transactional Alerts

### Back Ground :

This policy is framed to protect the system from un lawful money and activities entering into the system and to be in compliance with the AML and TFT Provisions. To Monitor and report the Suspicion, if any to FIU IND.

### Policy :

Based on the trading activities, Risk profile and UCC details of the Clients the trading alerts generated by our systems and Exchanges shall be reviewed by the senior management along with the Principal Officer and the designated Director and initiate appropriate measures, as per the policies and CDD measures and may also report to FIU IND as per the PMLA policies laid down by the Company.

Order/Trade Surveillance shall be managed independently by RMS team. To ascertain suspicious transactions in form of intraday volume status, Inter Client Trades, Trade Executed at exceptionally higher or lower rates or trade executed in illiquid contracts.

Our surveillance mechanism continuously keeps watch on order / trade execution.

The above review shall also include the alerts generated by the Exchanges :

| Sr.No. | Transactional Alerts   | Segment            |  |
|--------|--|--------------------|--|
| 1.     | Significantly increase in client Activity  | Cash & Derivatives |  |
| 2.     | Sudden trading activity in dormant account   | Cash & Derivatives |  |
| 3      | Client/Group of Client (s), dealing in common Shares/Commodities.  | Cash & Derivatives |  |
| 4      | Client(s) /Group of Client(s) is dealing in concentrated trades / Illiquid shares / Commodities / derivatives. | Cash & Derivatives |  |
| 5      | Client(s)/Group of Client(s) dealing in scrip in minimum lot size.   | Cash & Derivatives |  |
| 6.     | Circular Trading   | Cash & Derivatives |  |
| 7.     | Pump and Dump  | Cash & Derivatives |  |
| 8.     | Wash Sales   | Cash & Derivatives |  |
| 9.     | Reversal of Trades   | Cash & Derivatives |  |
| 10.    | Front Running  | Cash & Derivatives |  |
| 11.    | Concentrated position in the Open Interest / High Turnover concentration                                       | Cash & Derivatives |  |
| 12.    | Order book spoofing i.e. large orders away from market   | Cash & Derivatives |  |

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In order to analyze the trading activity of the Client(s) / Group of Client(s) or scripts identified based on above alerts, The company shall :

- a). Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions and after analyzing the rationale or reason for such transactions, the same are examined and reported to the Exchanges on its web portal. In case of any suspicion in the transaction, the same will be reported to FIU IND, with due intimation to the Exchanges, Regulators and Depositories, where ever necessary.
- b). Seek documentary evidence such as Bank statement / Demat transaction / Comtrack statement or any other documents to satisfy our self on the said transactions. The period for such statements may be at least +/- 15 days from the date of transactions or as may be required to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
- c). After analyzing the documentary evidences, including the Bank / Demat / Comtrack statement or any other statements substantiating the cause of action, the cause for such actions shall be recorded and In case of any suspicion or adverse findings, the same shall be confidentially reviewed by the senior management and the principal officer shall initiate STR to FIU IND, in case of any suspicion.

## **Monitoring and reporting:**

For effective monitoring, we have framed a surveillance policy covering:

- i. Receipt and review of Alerts from Exchanges / generated at our end as mentioned above. Our observations and the reason / rationale for such transactions would be recorded and also submitted to the Exchanges as per the set guideline times.
- ii. The same to be disposed off at a period not later than one week from observing the alerts and if there is any delay in disposition, reason for the same shall be documented.
- iii. Suspicious / Manipulative activity will be identified from the above alerts and if we do not receive or not satisfied with the Explanation received or if it is found to be abnormal in nature, the Principal Officer will review the same and after apprising it to the Designated Director or independently as the situation demands, confidentially reports to the FIU IND or any other regulatory as deemed fit and take appropriate action including that of suspending the Client.
- iv. Such Record will be maintained for a period of **Five years** or such period as may be prescribed by the regulators from time to time or as required till the completion of the inquiry.
- v. The MIS shall be put up to the Board on Quarterly Basis, 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 shall be apprised of any exception noticed during the disposition of alerts.

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vi. The surveillance process shall be conducted under overall supervision of its Compliance Officer.

vii. Designated directors And Compliance Officer would be responsible for all surveillance activities, record maintenance and reporting of such activities.

viii. 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.

## **Review :**

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs. This policy is monitored and reviewed by the Principal officer, Designated Director and Internal Auditor.

## **Approval Authority:**

This Policy has been placed before the board and approved by the Board of Directors in its meeting held on 06/03/2020 at our Head office.