



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 strengthen the surveillance frame work to facilitate effective monitoring and reporting of trading activities of clients, thus 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, Demat activities, Risk profile, Client Due Diligence and UCC / KYC details of the Clients, thesurveillance alerts generated by our systems including DP, Trading and those provided by the Exchanges, Depositories and other regulators shall be conducted under the overall supervision of compliance officerin coordination with the staff, senior management along with the Principal Officer and the designated Director.Appropriate measures will be initiated after verifying the genuineness of the alerts, as per the policies and CDD measures. Any Suspicious transaction may also be reported tothe Exchanges, Depositories, FIU IND and any other regulators as per the PMLA and other policies laid down by the Company.

Obligation to generate Additional Surveillance Alerts:

Order/Trade / DP / KYC Surveillance activities shall be managed independently by different Departments, to ascertain the suspicious transactions in the form of intraday volume status, Inter Client Trades, Trade Executed at exceptionally higher or lower rates or trade executed in illiquid contracts and all other DP and KYC related activities, any suspicious alerts / activities will be escalated to the Compliance Officer / Principal Officer.

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

Apart from the Alerts generated by the Exchanges, We would be generating additional Surveillance alerts based on the analysis of patterns and trends guided by different themes based on certain threshold / parameters which include:

| Sr. No. | Indicativethemes: |
|---------|---|
| 1 | Alert for multiple demat accounts opened with same demographic details: Alert foraccounts opened with same PAN /mobile number / email id/ bank account no. / addressconsideringtheexistingdemataccountsheldwiththe DP. |
| 2 | Alert for communication (emails/letter) sent on registered Email id/address of clients aregettingbounced. |
| 3 | Frequent changes in details of demat account such as, address, email id, mobilenumber,Authorized Signatory,POAholderetc. |
| 4 | FrequentOff-Markettransfersbyaclientinaspecifiedperiod |
| 5 | Off-markettransfersnotcommensuratewiththeincome/ Net worthoftheclient. |
| 6 | Pledgedtransactionsnotcommensuratewiththeincome/Net worthoftheclient. |
| 7 | Off-markettransfers(HighValue)immediatelyaftermodificationofdetailsindemataccount |

402, Nirmal Towers, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.

Tel: 91 40 23352485, Fax: 91 40 23351238 CIN - U74920TG1996PTC025916

E-Mail: rlpsecurities@yahoo.com, rlpsecurities@hotmail.com Website: www.rlpsecurities.com



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| | |
|----|---|
| 8 | 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 |
| 9 | Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time. |
| 10 | Other alerts and mechanism based on the transactions in order to prevent and detect any type of market manipulation activity carried out by your clients. |

Apart from the above, we shall have our own thresholds and parameters to generate additional alerts based on transactional activities, payments made or received, nature of off market / on market / pledge transactions of the clients to ascertain whether the transactions are done with own funds for self or on behalf of any other persons and the rationale behind executing such trades to identify the suspicious transactions.

Based on the volume of our business and Clientele, all the Off Market / Pledge transactions are scrutinized by our compliance officer before execution to verify the genuineness of the transaction.

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

| 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 | |

Obligation regarding Client Due Diligence:

As framed in the PMLA Policy,

- Client Due Diligence is carried on an on going basis.
- The key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI, Depositories, Exchanges and PMLA regulations from time to time. The latest KYC details and information including the following will be updated to the Depositories and Exchanges:
Name, Address with pin code, PAN, Valid Email Id, Valid Mobile Number and Income details.
PAN seeded to AADHAR, will only be treated as valid PAN.

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Obligation for reporting the status of alerts :

In order to analyze the trading & DP activities of the Client(s) / Group of Client(s) or scripts identified based on the alerts generated by the Exchanges, Depositories, Regulators and additional surveillance alerts generated by us, We shall :

- a). Analyze and review the alerts based on the facts, transaction rationale and verification of relevant documents including Income / Net worth as provided by the client, further exercise independent judgment by seeking 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 and take appropriate action in order to detect any abnormal or suspicious transactions.
- 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, evidences substantiating the cause of action, the cause for such actions shall be recorded. All the observations for such identified transactions will be recorded.

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 And Depositories as per the set guideline times.
- ii. A register is maintained to register all the alerts generated.
- iii. All the transactional alerts provided by Depositories and Exchanges are monitored and reviewed – the status shall be No deviations Observed, Verified & Closed, Verified & Reported to the Exchanges / Depositories including action taken at a period not exceeding 30 days.
- iv. With respect to alerts generated at our end, we shall report adverse observations along with details of action to Depositories, Exchanges And FIU IND, at a period not later than one week from observing the alerts.
In case of any delay in disposition of the alerts beyond the stipulated period, the reason for the same shall be documented.
- v. 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, Depositories, Exchanges, SEBI or any other regulatory as deemed fit and take appropriate action including that of suspending the Client and with holding the Funds / Securities.
- vi). 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.

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Obligation of Compliance Officer and Internal / Concurrent Auditor of the Dps:

- i.) The surveillance process and activities shall be conducted under the overall supervision of the Compliance Officer.
- ii.) 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.
- iii.) 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.
- iv.) Internal Auditor shall verify that the quarterly MIS Report is prepared and placed before the Board.

Obligation of Reporting of status of the Alerts Generated :

The duly approved status of the alerts to be notified to the Exchanges / Depositories / FIU / Other regulators, as per the time line fixed by such regulators from time to time. In case of Depositories alerts generated at DP to be notified on Quarterly basis within 15 days from the end of the Quarter.

Such format for reporting can be :

Status of Alerts generated by the Depository:

| Name of Alert | No. of alerts pending at the beginning of quarter | No. of new alerts generated in the quarter | No. of alerts Verified & closed in the quarter | No. of alerts reported to Depository | No. of alerts pending at the end of quarter |
|---------------|---|--|--|--------------------------------------|---|
| | | | | | |

Details of any major surveillance action taken (other than alerts reported to Depository), if any, during the quarter:

| Sr. No. | Brief action taken during the quarter |
|---------|---------------------------------------|
| | |
| | |

Such reporting to be made to the Regulators as per the provisions provided by the Regulators through Electronic upload / mail / physical as desired by the regulators, Nil reporting also need to be uploaded wherever mandated. In case of Depositories Nil reporting also to be notified.



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Fulfillment of Surveillance Obligation:

All the Surveillance Obligations to be fulfilled in true spirit, which includes processing, monitoring and timely reporting of the status of alerts generated at Regulatory end and our end. Any such delay may attract disciplinary action by the management and the regulators.

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 but not exceeding period of one year

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 27/08/2021 at our Head office.