



KK SECURITIES LIMITED

Member : National Stock Exchange of India Ltd. (CM, F&O and Currency)

Member : BSE Ltd. (CM, F&O)

Member : Metropolitan Stock Exchange Ltd. (CM, F&O)

Participant : National Securities Depository Ltd.

CIN : U74899DL1994 PLC060238

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Regd. Office : 76-77, Scindia House, 1st Floor,
Janpath, Connaught Place, New Delhi-110 001
Tel.: 23722916, 46890000 (25 Lines)
Fax : 011-23723571 Email : kksl@kksecurities.com

Surveillance Policy Of KK Securities Limited (Depository Department)

INTRODUCTION:

Depositories NSDL /CDSL have directed all the DPs to frame surveillance policy for effective monitoring of DP Transactions and monitoring the alerts generated by Depositories and by the DP themselves. DPs are directed to have proper mechanisms and to ensure that proper checks and balances are in control, and thus KK Securities Ltd. (The Company) is framing this policy accordingly.

SCOPE:

The Company shall implement the following policy:-

1) Transactional Alerts to be provided by Depository (NSDL/CDSL) and by DP:

In order to facilitate effective surveillance mechanisms, the Company would download the below mentioned alerts based on the reports of Depositories / internal alerts generated by DP themselves.

Sr. No.	Transactional Alerts
1	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced
2	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client
6	Pledge transactions not commensurate with the income/Networth of the client
7	Off-market transfers (High Value) immediately after modification of details in demat account
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.



Mumbai Office : 3-B, Tamarind House, 36, Tamarind Lane, Near Bombay House, Fort, Mumbai-400 023

Ph. : 022-40041074 visit us at : www.kksecurities.com E-mail : kksl@kksecurities.com

Investor Grievance E-mail Id : kkslig@hotmail.com

10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients
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The Company may formulate its own alerts in addition to above mentioned type of alerts based on different thresholds or own parameters so as to detect any abnormal activity. The Company shall put in place system to generate these alerts with effect from October 01, 2021 and obtain the approval of its Board in its next meeting.

2) Clients Information:

The Company will carry out the Due Diligence of its client(s) on a yearly basis. Further, KK Securities Ltd. shall ensure that key KYC parameters are updated on a yearly basis and latest information of the client is updated in Unique Client Code (UCC) database of the Exchanges and data base of Depositories. Based on this information the Company shall establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

3) Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, KK Securities Ltd. will carry out the following procedure:

- a. To seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- b. To Seek documentary evidence such as bank statement / demat transaction statement or any other documents as below:
 - a. In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
 - b. The period for such statements may be at least 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
- c. The Company shall review the alerts based upon:
 - a. Type of the alerts downloaded by the exchange
 - b. Financial details of the clients
 - c. Past Trading pattern of the clients/ client group
 - d. Bank /Demat transaction details
 - e. Other connected clients in UCC (common email/mobile number/address, other linkages, etc)
 - f. Other publicly available information.

After analyzing the documentary evidences, including the bank / demat statement, the Company will record its observations for such identified transactions or Client(s) / Group of Client(s).



- d. In case adverse observations are recorded, the Compliance Officer shall report shall record its observations for such identified transactions of its Client for all such instances to the Depository and FIU within 30 days of the alert generation. The Company may seek extension of the time period from the Depository, wherever required based on documented reasons for delay.

4) Monitoring and reporting:

For effective monitoring, the Company;

1. Within 30 days of alert generation shall dispose off the alert, and any delay in disposition, reason for the same shall be documented.
2. In case of any Suspicious or any Manipulative activity is identified, the same will be mentioned in the Register (electronic/physical) to be maintained for the purpose and will be reported to the Depositories and FIU within 30 days of the alert generation. With respect to the transactional alerts to be provided by Depository, Participants shall ensure that all alerts are reviewed and status thereof (Verified & Closed/Verified & Reported to Depository) including action taken is updated within 30 days, on the NSDL e-PASS portal.
3. . With respect to the alerts generated at the Participants end, Participants shall report instances with adverse observation, along with details of action taken, to NSDL within 7 days of the date of identification of adverse observation.
 - a. The Company shall prepare quarterly MIS and shall put to the Directors 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 shall be taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts. The surveillance process shall be conducted under overall supervision of its Compliance Officer. Compliance Officer would be responsible for all surveillance activities carried out by the Company and for the record maintenance and reporting of such activities. The Company is required to provide duly approved status of the alerts on a quarterly basis, in the following format to NSDL within 15 days from end of the quarter.

a. 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 for process at the end of quarter
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b. 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
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If the Company does not have anything to report, Than they need to submit 'NIL Report' within 15 days from end of the quarter. The above details shall be uploaded by the Participants on NSDL e-PASS Portal.

- b. Internal auditor of the Company 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.

5) Others:

All records shall be maintained for the period as stipulated under applicable statutes.

The surveillance activities of Participant shall be conducted under overall supervision of its Compliance Officer.

The surveillance policy of the Company shall be reviewed once in a year.

The surveillance policy of the Participant shall be approved by its Board of Directors.

This policy was reviewed and approved at the Board meeting of KK Securities Limited held on February 16, 2024.

For Board of Directors of KK Securities Limited




(Mukesh Rustagi)
Director Corp., Compliance Officer & Principal Officer

Dated : 16/02/2024

Place : New Delhi