



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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Surveillance Policy Of KK Securities Limited (Trading Department), Member NSE, BSE, MSEI & NCDEX

INTRODUCTION:

Exchanges (NSE, BSE, MSEI, NCDEX) have directed all members to frame surveillance policy for effective monitoring of trading transactions and monitoring the alerts generated by the exchanges and by the members themselves. Members 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 Exchanges and by the Member:

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

Sr. No.	Transactional Alerts By Exchanges
1	Significant increase in client activity.
2	Sudden trading activity in dormant account.
3	Clients / Group of clients, deal in common scrips.
4	Clients / Group of clients, is concentrated in a few illiquid scrips.
5	Clients / Group of clients, dealing in minimum lot size.
6	Clients / Group of clients, concentration in a scrip.
7	Circular trading.
8	Pump and Dump.
9	Reversal of trades.
10	Front Running.
11	Concentrated position in the Open interest / High Turnover concentration.



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12	Order book spoofing. Large orders away from market
Sr. No.	Generation Of Own Alerts
1	Clients / Group of clients, accounting for significant percentage of total trading activity in a scrip vis-à-vis market.
2	Clients / Group of clients, dealing frequently in small quantities in a scrip / minimum market lot.
3	Dis-proportionate trading Vs Reported Income / Networth.
4	Frequent changes in KYC details esp. Email Id, Cell No. , bank details.
5	Based on corporate announcements by a listed company, identify clients / group of client, having possible direct or indirect connection with the listed company, who have undertaken suspicious trading activity which is prior to announcement of price sensitive information by the said listed company.
6	Clients / Group of clients having significant selling concentration in scrips forming part of "For Information List", "Current Watch List"
7	Clients / Group of clients, with new accounts or clients dealing after significant time gap accounting for significant value / percentage of total trading activity in a scrip.
8	Clients / Group of clients, having consistency in profits / losses and rationale for such trading activity.
9	Significant trading activity in a scrip by a client who has pledged the same scrip.
10	In case of concern of trading activity by Clients / Group of clients, in a scrip whether orders are placed by respective clients or authorised representatives and monitoring client KYC details and finances.
11	Monitoring of IP address of clients incl. identification of multiple UCC trading from same IP address.
12	Significant trading activity in a scrips by a client who has pledged shares and/or has frequent off-market transfers.

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 August 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 exchanges and FIU, if required, within 45 days of the alert generation. The Company may seek extension of the time period from the exchanges, wherever required based on documented reasons for delay.

4) Monitoring and reporting:

For effective monitoring, the Company;

1. Within 45 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 exchanges and FIU, if required, within 45 days of the alert generation. With respect to the transactional alerts to be provided by exchanges, members shall ensure that all alerts are reviewed and status thereof (Verified & Closed/Verified & Reported to exchanges) including



action taken is updated within 45 days, on the relevant exchange portal of NSE, BSE, MSEI, NCDEX.

3. . With respect to the alerts generated at the member end, member shall report instances with adverse observation, along with details of action taken, to exchanges within 45 days of the date of identification of adverse observation.

- a. The Company shall prepare quarterly MIS and shall put to the Designated Directors / Board Of 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 exchanges within 15 days from end of the quarter.

a. Status of Alerts generated by the Member:

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 exchange	No. of alerts pending for process at the end of quarter
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b. Details of alerts referred to the Exchange, if any, during the quarter:

Sr. No.	Date Of Alert	Type Of Alert	Brief Observation & Detail Of Action Taken	Date Referred to Exchange
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c. Details of any major surveillance action taken (other than alerts reported to Exchange), 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 member on exchange Portals of NSE, BSE, MSEI, NCDEX.



- 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 the member 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