

SURVEILLANCE POLICY

Introduction & Scope:

This Surveillance Policy ('Policy') is adopted by the Board of Directors of ANS Private Limited ('ANSPL') in the meeting of the Board of Directors held on July 26,2021 The Policy is applicable to all clients of ANSPL.

For the purpose of Surveillance Policy 'a client' shall mean and include both individuals and non-individuals who as on date of this policy have a Trading and/or a Demat account with the respective arms of ANSPL and to all such individuals and non-individuals who subsequently enrol with ANSPL as clients by opening a Trading and/or Demat Account.

The Policy has been framed in pursuance of the various circulars issued by the Exchanges ('NSE, BSE & MCX, NCDEX), Depositories (CDSL) and applies to those transactions undertaken by the clients of ANSPL that have been reported by the Exchanges/Depositories through their respective portals, namely ENIT, eBoss, MCX, NCDEX, CDSL Surveillance Portal or any such portal subsequently designated by the Exchanges/Depositories for said purpose and also to those transactions for which an alert is generated internally by Trackwizz or any other software subsequently being made use of, according to parameters set within such software which shall be in conformity with at least the minimum standards prescribed by the Exchanges/Depositories vide the circulars referred to.

The Policy hereinafter defines the following:

- a. The broad parameters on basis of which an alert is to be generated by Trackwizz
- b. Red Flag Indicators
- c. The time-frame for investigation and closure of both kind of alerts (received from Exchanges/Depositories and generated internally).
- d. Responsibility for closure of alerts
- e. Modus-Operandi for investigation, requisition of documents and other subsequent procedures
- f. Matrix of escalation and actions for non-cooperation by clients.
- g. Presentation of Quarterly MIS to the Board of Directors for their noting and approval.
- h. Miscellaneous Matters in connection with Surveillance Activity.

1. (i) Broad Parameters for internal generation of alerts of exchanges:

- Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
- Client / group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
- Client / group of clients dealing frequently in small quantities / minimum market lot in a scrip / contract.
- Disproportionate trading activity vs reported income / Net worth.
- Frequent changes in KYC submitted by clients.
- Based on an announcement by a listed company, identify client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
- Client / group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'. For more details, kindly refer Exchange notice no. 20200830-1 dated August 30, 2020.

- Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities. In addition, trading members may also refer details given in Exchange notice no. 20190207-46 dated February 07, 2019.
- Significant trading activity in scrips by client who has pledged the shares of same scrip.
- In case of concerns of trading activity of a client / group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis-a-vis the dealing office address.
- TM who have facility of internet based trading, IP address of clients to be monitored (including identification of multiple client codes trading from same location)

(ii) Broad Parameters for internal generation of alerts under depository :

In order to implement the depository directives, they have provided us alerts which have to be downloaded by ANSPL-DP. In addition to this, DP shall generate alerts on their in-house surveillance software Trackwizz which shall be as under:

- Multiple Demat accounts opened with same demographic details, with same PAN, Mobile Number, Email ID, Bank Account nos. etc. considering the existing demat accounts held with ANSPL-DP
- BOs whose e-mails sent on registered e-mail ID are bounced back
- BOs whose letters/documents sent to their addresses registered with us are returned undelivered
- Frequent changes in details of BO especially in Address, Mail ID, Mobile number, Authorised Signatories, POA holder etc.
- Disproportionate transactions &/or holdings v/s reported Annual income / Net worth.
- Frequent Off-market transfers by BO in a specified period
- Off-market transfers & Pledge transactions that do not commensurate with the Annual Income / Net-worth of the client
- High value off-market transactions immediately after modification of client master details in any account
- Review of reasons given for off-market transfers by BO vis-à-vis BO's profile for e.g. frequent transfers with consideration or gifts/donations to unrelated parties
- Newly opened demat accounts where there is sudden increase in transactions activities in short span of time and suddenly holdings becoming zero or account remaining dormant after some time
- Any other alerts & mechanism in order to prevent & detect any type of market manipulation activity carried out by BOs

2. Red Flag Indicator

The following scenarios given by FIU as a red flag indicators

Sr No	Scenarios	Indicative Rules
1	TM 1 – Artificial Volume Creation	Identify clients who have contributed more than 5 % of the volume at the Exchange (more than 3 times in the last 30 days). Check details on said dates to ascertain whether : I. Increase in price beyond 5 % II. Client has taken positions at day's high or low rates. For above scenario separate filters should be applied for liquid/illiquid Scrips.
2	TM1A – Artificial Volume Creation	Identify clients whose trades account for 5 % of the traded quantity in particular derivatives contract. However due to these trades there are no changes or in the Open Interest of these contracts.
3	TM2A - High value Deals	Single payin/Payout greater than INR10 Lakhs in a day/ month/ Settlement. The specified amount may be compared with the financial capability of the client as given in his KYC.

4	TM2B - High value Deals	Client net Payin/Payout greater than INR 10 Lakhs in a day/month or 2 times. Validate above transactions of client with his financial capability as per KYC/Updated financials Demand Draft between X-X1 amounts amounting to Rs X2 over Y period.
5	TM3 - Synchronized, Cross and Self Trades	Scrutinize Synchronized, Self/Cross Trade Report generated by the system/provided by Exchange. Identify clients who have bought / sold similar quantity shares either during a day or over a period of 1 days. i.e majority reversed their positions and these reversed trades are at process which are considerably away from the market price / intrinsic value.
6	TM 4- Turnover vis-à-vis financial income submitted by the client	Identify clients whose turnover is disproportionate with the annual income/Networth provided in KYC. Scrutinize the transactions of such clients and follow up with concerned branches for collection of latest financials. Separate benchmark to be applied for Income/Networth & type of volume like intraday, delivery etc.
7	TM5 - High value transactions in a new account	Transactions greater than INR 10 Lakhs in newly opened account within 90 days/months of account opening. The specified amount may be compared with the financial capability of the client as given in his KYC
8	TM6 - High value transactions in a dormant account	Transactions greater than INR 1 Lakh in dormant account within 180 days of reactivation
9	TM7–Frequent Small quantity transactions in an account	Transactions in small quantity aggregating to 75 % of total turnover of the client within the last 15 days.
10	TM8 Structuring of purchases	Frequent trades avoiding bulk trades by a client at prices away from the normal market price.
11	TM9 Trading in Illiquid scrips	Transactions where First Traded Price and Last Traded Price are higher than the previous day's closing price in small quantities.

The above alerts are system based alerts.

3. Time-frame for investigation & closure of Alerts:

S.N	Particulars	Time-Line	Remark
1	Alert Date	T	The date on which the alert is received from the exchange or generated internally by Trackwizz.
2	Preliminary investigation of alert and requisition of documents/ explanation from client/ Relationship Manager ('RM')/ Authorized Person ('AP') (if any)	T+7	If no information is required from the client the alert is to be flagged as 'Normal' and closed.
3	Single follow-up for explanation from the client/ RM/ AP and escalation in event of non-cooperation; OR Examination of explanation received from Client/ RM/ AP.	T+21	

4	Further investigation of alerts on basis of explanation/ documents received from clients/ RM/ AP and reporting to concerned Department Head for action to be taken; OR Updating clients KYC and other records on basis of explanation and supporting documents received.	T+30	
5	Taking necessary action against client, OR Closure of alert as 'Normal' after client's KYC and other details are updated	T+30	
6	Recording reasons for not closing an alert within 30 days and appraising management, through the compliance officer, of the same.	T+30 onward	This can be placed before the Board either before or at the time of placing quarterly MIS before the Board.

4. Responsibility for closure of alerts:

All alerts generated internally shall be closed by the Surveillance Team as per time-frame given in clause 2 above and all alerts received from the Exchanges shall be closed by the Compliance Team on the respective portals.

It is obligation of ANSPL to process the alerts within 30 days from the date of alerts downloaded by the Exchanges/Depositories as well as alerts generated at ANSPL's end, whereas the regulatory authorities may have period beyond 30 days.

5. Modus-operandi for investigation, requisition of documents and other subsequent procedures:

a. Analysis of alerts:-

Surveillance Team shall analyze the transactions on basis of the alerts received from the Exchanges/Depositories and internal system. Points to be considered while analyzing transactional alerts-

- a) Client declared Income Range / Net worth of client.,
- b) Whether a client/ group of clients trading in particular scrip are related parties of the Company of which the scrip is being traded in by such clients/ group of clients.
- c) Verification of the Ultimate Beneficial owners in case of Non-Individual Clients.
- d) Check client trading pattern w.r.t.. Scrip Concentration ,High % of Exchanges/Depositories Turnover, Substantial increase / decrease in business without apparent cause., Resumption of trading in Dormant A/c , Consistent Intra Day Losses, Trading in illiquid securities, Sudden trading in Illiquid / T2T Securities
- e) Check payment pattern w.r.t. Frequency of Payment , Payment by way of DD, payment as compared to declared income
- f) Wherever required the Surveillance team shall obtain necessary / relevant documents from the client including bank / demat account statement for analyzing / processing of alerts.
- g) Scrutiny of explanations and documents furnished by the client(s)/ Relationship Mangers/ APs against alerts received w.r.t. their trades.

- h) Check address of client and dealing office address in case of offline trades. In case of trade from distant location, get clarification in writing from client for trading from distant location.

b. Updating of Client(s) Information/ Due diligence measures:

- (i) For any client/ group of client(s) for whom alerts are have been triggered multiple times;
- Client Due diligence shall be carried out on an on-going basis.
 - KYC parameters of clients shall be updated on a periodic basis and latest information of the client shall be updated in UCC database of the Exchanges/Depositories
- (ii) Clients shall be advised to update their income range/ networth through their respective RMs and APs, as and when necessary especially when client's trading activity (remittances made by the client) is found to be incommensurate with his range of income/ networth.

6. Matrix of escalation and actions for non-cooperation by clients:

In the event that a client is not forthcoming with requisite details, the matter shall be escalated to management.

In case of non cooperation from client, any of the following action to be taken-

- Suspend further buying limit with immediate effect
- Squaring off open transactions with due intimation to clients.
- Selling of shares with due intimation to clients

7. Presentation of Quarterly MIS to the Board of Directors for their noting and approval:

Within 7 days from the end of every quarter, all alerts received during a quarter shall be consolidated under one single file, as per format prescribed by the Exchanges/Depositories and a summary in format of Annexure 'A' shall be put up to the Board of Directors.. Reasons for pendency, if any shall be mentioned along with the appropriate action taken within the consolidated file and presented to the Board along with said Annexure. The Board shall also be apprised of exception noticed during the disposition of alerts.

After noting and approval by the Board of Director, of the alerts reported during the quarter along with observations and action taken by the respective teams, the report of all alerts (excluding the alerts received from the exchanges/Depositories) shall be uploaded to the exchanges/Depositories portals in the format prescribed by the Exchanges/Depositories **within 15 days from the end of quarter**. In case ANSPL has nil alerts then ANSPL need to submit 'NIL Report' within given timeframe.

8. Miscellaneous Matters in connection with Surveillance Activity:

a) Record maintenance:

The records for the all alerts and related documents shall be maintained for a period of 10 years as specified under the Prevention of Money Laundering Act.

b) Regulatory Penalties:

In event that a penalty is levied by the Exchanges/Depositories(s) for any trades deemed as abnormal/ non-genuine, the Compliance Head shall in consultation with the Management issue notice of show cause to the concerned Client/ Group of Clients/ AP/ RM/ Branch or Department Heads calling for explanation as to why

penalties should not be passed onto the client/ AP/ Branch or other suitable action be initiated against them. In the event of failure on part of the notice to respond to the aforesaid show cause notice within the prescribed time, Compliance Head shall initiate necessary action for recovery of the penalty amount including but not limited sale of shares, deduction from security deposits/ brokerage payable/ revenue, suspension/ closure of trading accounts, suspension of terminals or any other action as may be deemed fit/ necessary.

9. Policy Review:

- An event based review of this Policy shall be done on the basis of any regulatory updates and/or improvisation in process of investigation of alerts.
- Every change in the procedure and new norms introduced by regulatory authorities shall be communicated by Compliance team and to be incorporated in the policy.
- Regular training to be conducted to surveillance team on every change.

For M/s. ANS Private Limited

SEBI Regn. Nos. (Broking): INZ000196431

**Membership Codes: (BSE) 3022 | (NSE) 10585 | (MCX) 56330 | (NCDEX) 1295 |
Depository Participant : IN-DP-121-2015 | DP-ID: (CDSL) 19800**

REGD. OFFICE: 501,502 & 502A, 5th FLOOR, DSCCSL, (53E) BLOCK 53, ROAD 5E, ZONE 5, GIFT CITY, GANDHINAGAR GJ 382 355IN GUJ. (INDIA) CI-U67120GJ1999PTC035472 GST No.:24AACCA4841J1ZU

CORPORATE OFFICE: ARHAM FINANCIAL CENTRE PANCHNATH MAIN ROAD, HARIHAR CHOWK, RAJKOT-360 001. GUJ.(INDIA) TEL. :0281-2450745 FAX: 0281-2450758 Email: ans@anspl.net

Compliance Officer Email: compliance@anspl.net

Email ID : dp@anspl.net, dp_communige@anspl.net

Tel No: 0281 2450745, 0281 3041670

www.ansplshares.com