

## **SURVEILLANCE POLICY OF KASAT SECURITIES PVT LTD**

In order to facilitate effective surveillance mechanisms, the below mentioned alerts based on the trading activity on the Exchange are downloaded.

### **Transactional Alerts to be provided by the Exchange:**

<b>Sr. No.</b>	<b>Transactional Alerts</b>	<b>Segment</b>
1	Significantly increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), deal in common scrips	Cash
4	Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash & Derivatives
9	Wash Sales	Cash & Derivatives
10	Reversal of Trades	Cash Derivatives
11	Front Running	
12	Concentrated position in the Open Interest / High Turnover concentration	
13	Order book spoofing i.e. large orders away from market	Cash

As per the Surveillance policy the following activities are also carried out by **KSPL** based on UCC parameters:

**Client(s) Information:**

We carry out the Due Diligence of our client(s) on a continuous basis and also ensure that key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information

groups / association amongst clients to identify multiple accounts / common account / group of clients is established.		
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**Analysis:**

**KSPL** takes the following steps to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts:

- a. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- b. Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself.
  1. 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.
  2. 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. After analyzing the documentary evidences, including the bank / demat statement, we shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, we shall report all such instances to the Exchange within 45 days of the alert generation. Extension of the time period from the Exchange can be obtained, wherever required.

**Monitoring and reporting:**

1. For effective monitoring, checks are in place to ensure:
  - i. Receipt of Alerts from Exchanges / generated at our end.
  - ii. Time frame for disposition of alerts and if there is any delay in disposition, reason for the same shall be documented.
  - iii. Suspicious / Manipulative activity identification and reporting process
  - iv. Record Maintenance

The policy is approved by both the partners of the firm. A quarterly MIS shall be put up to Partners 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 Partners shall be apprised of any exception noticed during the disposition of alerts.

The surveillance process shall be conducted under overall supervision of the Compliance Officer. Partners / Compliance Officer would be responsible for all surveillance activities carried out by the Firm and for the record maintenance and reporting of such activities.

2. Internal auditor of the Firm 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.