

SURVEILLANCE POLICY

INTRODUCTION:

National Stock Exchange of India Limited (NSE) vide its circular dated 7th March 2013 has directed the trading members to frame a surveillance policy for effective monitoring of Trading Members and monitoring the alerts based on trading activity on the Exchange. Due to changes/updates in the compliances of SEBI/Exchange, **the updated policy on 02nd Aug 2024** is hereby approved in the meeting of Board of Directors of Yashwi Securities Pvt Ltd (The Company).

To have proper mechanisms and to ensure that proper checks and balances are in control, the policy is framed in accordance with the provisions of SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/22 dated 01.03.2021, NSE Circular No. NSE/SURV/48818 dated September 01, 2021, BSE Circular 20210701-30 dated September 01, 2021 and NSDL communique No. NSDL/POLICY/2021/0072 dated July 15, 2021.

SCOPE:

The Stock Exchanges viz. NSE, BSE and MCX are providing alerts based on predefined criteria to the all the stock brokers including Yashwi Securities Pvt Ltd through their portals. The same has been listed out here below. As per applicable Circulars, Yashwi Securities Pvt Ltd is reviewing these alerts and taking appropriate actions after carrying out due diligence viz. either disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR) with FIU-India in accordance with provisions of PMLA (Maintenance of records) Rules, 2005.

1) Transactional Alerts to be provided by the exchange:

In order to facilitate effective surveillance mechanisms at the Member level, the Exchanges provides following mandatory transactional alerts along with other alerts to the trading members through e-BOSS (BSE) and ENIT (NSE). This facilitates the trading members to effectively monitor the trading activity of their clients.

Sr. No.	Transactional Alerts	Segment
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
9	Wash Sales	Cash & Derivatives
10	Reversal of Trades	Cash & Derivatives
11	Front Running	Cash
12	High Turnover Concentration	Cash
13	Order Book Spoofing i.e. large orders away from market	Cash

BSE – Alerts can be downloaded by log-in into e-Boss Surveillance System.

NSE - Alerts can be downloaded by log-in into ENIT- ENIT Compliance-Investigation Department – Transactional Alerts.

2) Clients Information:

The Company will carry out the Due Diligence of its client(s) on a yearly basis. Further, Yashwi Securities Pvt. Ltd. shall ensure implementation of Anti Money Laundering Policy viz a viz KYC standard for new client's acceptance and implementing high standard of due diligence process. The KYC parameters are updated on a yearly basis and latest information of the client is updated in Unique Client Code (UCC) database of the Exchange. Based on this information the Company shall establish identification of Beneficial Ownership along with common emails, mobile numbers, address and other linkages.

3) Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, Yashwi Securities Pvt. 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.
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- d. A client who has submitted frequent modification request for changes in his/her/its demographic details of address, email id, mobile number, bank details, etc.
 - e. A client or a group of clients who have been found to have direct or indirect connection with a listed company and who have executed any transactions prior to any dissemination of any price sensitive information by such listed company.
 - f. A client or group of clients which persistently earn or incur high amount of Profit/loss through their trading activities or clients who appear to have executed trades with the objective of transfer of profits or losses.
 - g. A client having demat account with Yashwi Securities Pvt Ltd and who has holding in a scrip of more than 5% of paid-up capital of a listed company which has received the same shares through off-market transfer.
 - h. A client who has received shares of a listed company through multiple off-market transfer and has pledged such shares.
 - i. Identification of IP addresses of clients to identify multiple client codes trading from same IP address.
 - j. Clients who are connected with each other as per key KYC parameters of the clients as updated by respective client.
 - k. After analyzing the documentary evidences, including the bank / demat statement, the Firm will record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Compliance Officer shall report all such instances to the

Exchange within 45 days of the alert generation. The Firm may seek extension of the time period from the Exchange, wherever required.

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 to be maintained for the purpose and will be reported to the Stock Exchanges within 45 days of the alert generation.
 - 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.
 - 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.
 - c. The surveillance activities of the stock broking operations and that of DP operations shall be conducted under overall supervision of the Compliance Officer of Yashwi Securities Pvt Ltd. The policy implemented by Yashwi Securities Pvt Ltd in accordance with the provisions of Prevention of Money Laundering Act, 2002 and rules made thereunder as Reporting Entity.