

SURVEILLANCE POLICY

The company has laid down policy guidelines which have been framed in the light of National Stock Exchange (NSE) Circular No. : 831/2013 Ref. No. : NSE/INVG/22908. In pursuance of above said circular Finvasia Securities Pvt. Ltd. is implementing this surveillance policy applicable to all clients of Adroit Financial Services Pvt Ltd.

Objective of this policy

- i. To establish a surveillance mechanisms and controls in the operations /trading activity of clients.
- ii. To put in place appropriate controls for the detection and reporting of suspicious trading activities in accordance with applicable laws/laid down procedures.
- iii. To comply with applicable laws and regulatory guidelines.

Duties and Responsibilities

This Surveillance policy is approved by the Board of Directors of Adroit Financial Services Pvt Ltd and a quarterly MIS shall be put up to the Board 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. Further, reasons for pendency alongwith appropriate action taken to resolve them shall be discussed.

Board shall be apprised of any exception noticed during the disposition of alerts.

The Compliance officer shall be the responsible for all surveillance activities carried out by Adroit Financial Services Pvt Ltd, maintenance of record and reporting of such activities.

Internal auditor of Adroit Financial Services Pvt Ltd shall review the surveillance policy, its implementation, effectiveness and the alerts generated during the period of audit. Internal auditor shall record the observation with respect to the same in their report.

Transaction Alerts

Compliance Team shall download all the below mentioned alert based on the trading activity of client provided by the exchange vide Circular No. : 831/2013 Ref. No. : NSE/INVG/22908.

S. No.	Transaction 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
23	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from	Cash

Clients Due Diligence

Compliance Team shall carry out the Due Diligence of client(s) on a continuous basis and shall update all the KYC parameters as prescribed by SEBI and latest information of the client in Unique Client Code (UCC) database of the Exchange.

Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the compliance team shall:-

1. require explanation from such identified Client(s)/Group of Client(s) for entering into such transactions.
2. require documentary evidence such as bank statement / demat transaction statement or any other documents to verify how the funds / securities pay-in obligations have been met.

Note* 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.

3. analyze the documentary evidences, including the bank / demat statement and record its observations for such identified transactions or Client(s) / Group of Client(s).
4. In case of any adverse observations are recorded, report all such instances to the Exchange within 45 days of the alert generation.
5. In case Client`s explanation on the same is not satisfactory / reply not received within time period as above mentioned, suspend the concerned client / group of clients from trading and shall report the instance to Regulators.

To,
Client Name
Client Address

Sub.: Alert received from (Exchange Name) in respect of your trading during the period from _____ to _____.

Dear Sir,

With reference to above, please note that we have received following alert form the exchange in respect of your trading activity during the period from _____ to _____.

Sr. No.	Date of Alert	Exchange	Alert Type

In this regard you are requested to clarify the following:

1. Basis of Investment
2. Objectives of Investment
3. Source of funds used for making the Investment
4. Whether such investment is based on any research report if so please provide the detail.
5. Reason for sudden increase in turnover
6. Whether you are related party to the Investee company? If yes, please provide complete details of such relation.

Further you are requested to provide self attested copy of Bank Account Statement and Demat Account Transaction Statement for the period from _____ to _____ along with any other relevant document within seven days from the date of this letter.

Please note that your failure to submit reasonable explanation and required documentary evidence within above said time may lead to suspension of trading facility in your account.

Please do the needful and oblige.

Thanking you,

For : Divya Portfolio Pvt Ltd

(Compliance Officer)