

SS CORPORATE SECURITIES LIMITED

SURVEILLANCE POLICY FOR DEPOSITORY OPERATIONS

This surveillance policy is defined based on various NSDL & CDSL Circulars in respect of surveillance obligation of Depository Participant. Surveillance is an integral part of any organization for monitoring the transactions based on the guidelines provided by the depository / SEBI from time to time.

Important Definition:

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1. Depository means NSDL & CDSL
2. DP (Depository Participant) means SS Corporate Securities Ltd

A. Obligation of DP to frame the policy:

As per the above referred circular, every DP should frame the surveillance policy based on the business model adopted by the DP and the same approved by the Board. In this scenario, SSCSL being the DP who is servicing the retail clients is required to generate the alerts to monitor the transactions executed in their depository system based on the following parameters and place this policy to obtain necessary approval from the Board:

1. Generation of suitable surveillance alerts based on the indicative themes which is given in point B.
2. Review and disposal of transactional alerts provided by depository (NSDL & CDSL providing the transactional alerts once in 15 days to the DPs which required to be reviewed).
3. To generate own alerts apart from the above alerts provided by depository
4. Disposal of alerts within 30 days from the date of alerts generated at DP end and alerts provided by the Depository.
5. Reporting to Depository and other authorities as applicable, in case of any abnormal activity
6. Documentation of reasons for delay, if any, in disposition of alerts
7. Actions which required to be taken as per obligations under Prevention of Money Laundering (PMLA).
8. Record maintenance for the period as stipulated under applicable statutory authorities.
9. Review of surveillance policy once in a year by the DP.

B. Obligations of DP to generate additional surveillance alerts:

Based on the above guidelines, DP is required to generate the additional alerts apart from the alerts provided by Depository as per the themes provided below:

S No.	Themes
1.	Alerts for multiple demat accounts opened with the same demographic details: Alerts for accounts opened with same PAN / Mobile Number / Email IDs / Bank Account Number / Address considering the existing demat account held with DP
2.	Alert for communication (email / letter) sent on registered email id / address of the clients are getting bounced
3.	Frequent changes in details of demat account such as address, email id, mobile number, Authorised Signatory, PoA holder etc
4.	Frequent off-market transfers by a client in a specified period
5.	Off Market transfers not commensurate with the income / Networth of the client
6.	Pledge transactions not commensurate with the income / Networth of the client



7.	Off-Market transfers (High Value) immediately after modification of details in demat account
8.	Review of reasons for Off-Market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts / Donation to unrelated parties, frequent transfers with reason code off-market sales
9.	Alerts for newly opened accounts wherein sudden increase in transactions activities in short span of time and suddenly holding in demat account becomes Zero or account becomes dormant after some time.
10.	Other alerts in order to prevent and detect any type of market manipulation activity carried out by the clients.

Based on the above-mentioned themes / parameters, generate the alerts, and review these alerts based on facts and verification of relevant documents including income / Networth as provided by the client. DP Team is required to exercise their independent judgment and take appropriate action to detect any abnormal or suspicious transactions.

C. Obligation of DP regarding client due diligence:

- i) To carry out Due-Diligence of the clients on an on-going basis. Based on the documents submitted by the clients and the transactions carried out on the demat accounts, required to carry out the due – diligence and prepare the report based on the suspicious transaction on the demat account and review the same by the independent team other than the report generated.
- ii) Update the key KYC Parameters of the clients are updated on a period basis as prescribed by SEBI and latest information of the client is updated in depository system.

D. Reporting the status of alerts generated by DP:

1. Record each alerts / transaction identified based on the above parameters in the register.
2. Review these alerts based on the request of the client and understand the rational of the transaction and obtain the supporting documents wherever required from the clients.
3. Verify the documentary evidence and record its observation for such identified transactions of its clients.
4. With respect to the transactional alerts provided by Depository, ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to Depository) including the action taken is updated within 30 days from the date of alert generated.
5. With respect to the alerts generated at the DP end, report instances with adverse observation, along with details of action taken to Depository within 7 days of the date of identification of adverse observation.

E. Obligation of Compliance Officer and Internal Auditor / Concurrent Auditor:

1. Compliance Officer of the DP is the responsible for supervising the surveillance activities of DP as stipulated with this policy.
2. Compliance Offer prepare the quarterly MIS report and place the same to the Board on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with the reasons for pendency and action plan for closure. Also, the Board shall be appraised of any exception noticed during the disposal of alerts.



3. Internal Auditor of DP shall review the surveillance policy and 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.
4. Internal Auditor shall verify the quarterly MIS is prepared and placed before the Board of the DP.
5. Compliance Officer required to provide the duly approved status of the alerts on a quarterly basis, in the format specified by the Depository within 15 days from the end of the quarter.

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Approved by


Director

