

**RBG Financial Services Private Ltd.**  
**SURVEILLANCE POLICY**

**INTRODUCTION:**

National Stock Exchange of India Limited (NSE) vide its circular dated 7<sup>th</sup> March 2013 has directed the trading members to frame the a surveillance policy for effective monitoring of Trading Members and monitoring the alerts based on trading activity on the Exchange. Trading members are directed to have proper mechanisms and to ensure that proper checks and balances are in control, and RBG Financial Services Private Limited (The Company ) is framing this policy accordingly.

**SCOPE:**

The Company shall implement the following policy:-

**1) Transactional Alerts to be provided by the exchange:**

In order to facilitate effective surveillance mechanisms, the Firm would download the below mentioned alerts based on the trading activities on the exchanges.

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 / Derivative
10	Reversal of Trades	Cash / Derivative
11	Front Running	Cash
12	Concentrated position in the Open Position / High Turnover Concentration	Derivative
13	Order Book Spoofing i.e. large orders away from market	Cash

The Firm may formulate its own alerts in addition to above mentioned type of alerts.

## **2) Clients Information:**

The Company will carry out the Due Diligence of its client(s) on a yearly basis. Further, RBG Financial Services Private Limited shall ensure that key 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 groups / association amongst clients to identify multiple accounts / common account / group of clients.

## **3) Analysis:**

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, RBG Financial Services Private Limited 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.

- d. 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.