

# **PARDIWALA SECURITIES PVT. LTD.**

MEMBER: BOMBAY STOCK EXCHANGE LTD. (SEBI REG NO. INZ000224933)

4A/EXAMINER PRESS BUILDING ,DALAL STRRET.FORT MUMBAI-400001

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CIN.NO.-CIN.NO.:U67190MH2010PTC204022.

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## **Surveillance Policy**

In compliance with SEBI/Exchange notices this policy containing the following guidelines has been formulated to strengthen the Surveillance framework for the Securities Market

### **Generation of surveillance alerts**

In addition to the transactional alerts downloaded by Exchanges, we will generate own alerts as per the themes and a combination of the alert themes (Exchange generated and own generated) is stated below:

- Significantly increase in client activity – Alert Generated by exchange
- Sudden trading activity in dormant account – Alert Generated by exchange
- Clients / Group of Client(s) dealing in common scrips – Alert Generated by exchange
- Clients / Group of Client(s) is concentrated in a few illiquid scrips – Alert Generated by exchange
- Clients / Group of Client(s) dealing in scrip in minimum lot size – Alert Generated by exchange
- Clients / Group of Client(s) Concentration in a scrip – Alert Generated by exchange
- Circular Trading – Alert Generated by ex exchange
- Pump and Dump – Alert Generated by exchange
- Reversal of Trades – Alert Generated by exchange
- Front Running – Alert Generated by exchange
- Concentrated position in the Open Interest / High Turnover concentration – Alert Generated by exchange
- Order book spoofing i.e. large orders away from market – Alert Generated by exchange
- Frequent changes in KYC submitted by clients – Incase a client modifies the same set of details like email id, mobile, bank details, address, etc more than twice in the same year an alert would be generated
- Disproportionate trading activity vs reported income / Net worth
- Client / group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'.
- Based on an announcement by a listed company, identify client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
- Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities.
- Significant trading activity in scrips by client who has pledged the shares of same scrip – In case the value of pledged security is over 1% of the equity of the scrip.
- Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location).
- In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis a vis the dealing office address.
- Multiple demat accounts opened with same demographic details - Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant.

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- Communication letter/email sent on registered address/Email ID of clients are getting bounced.
- Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc. - In case a client modifies the same set of details like email id, mobile, bank details, address, Authorized Signatory, POA holder ,etc more than twice in the same year an alert would be generated.
- Frequent Off-Market transfers by a client – In case off market transactions are made between same client to client combination more than once in three months.
- Off-market transfers and pledge transactions not commensurate with the income/Networth of the client.
- Off-market transfers (High Value) immediately after modification of details in demat account
- Review of reasons of 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
- Alert 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.

Due Diligence of client(s) would be done on a continuous basis. Client information should be updated at least once a year through periodic review of top turnover of clients. Financial information also needs to be updated for all active clients and we shall seek one of the following relevant documents pertaining to financial details to be obtained from clients.

- Copy of ITR Acknowledgement
- Copy of Annual Accounts
- Net worth certificate
- Bank account statement for last 6 months
- Copy of demat account Holding statement.
- Any other relevant documents substantiating ownership of assets.

Key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the exchange.

We shall obtain trading rationale and necessary documentation including bank statements, demat statements for analyzing / processing the alerts

**Time frame for disposition of alerts and if there is any delay in disposition reason for the same shall be documented.**

Processing of alerts within 45 days from the date of alerts downloaded by the Exchanges as well as alerts generated at our end. In case of alerts generated in the capacity as a DP the Disposal of alerts will be within 30 days from the date of alerts generated at our end and alerts provided by CDSL.

