

ASNANI STOCK BROKER PRIVATE LIMITED

Surveillance Policy for Stock Broking & Depository Participant Operations

Dated 14.07.2025

Effective Date & Approval

This Surveillance Policy for Stock Broking & Depository Participant Operations shall be effective with effect from 01.08.2025.

The policy has been reviewed and approved by the Board of Directors of Asnani Stock Broker Private Limited (ASBPL) at its meeting held on 14.07.2025.

1. Applicability

This Policy applies to all **stock broking operations** and **Depository Participant (DP) operations** of Asnani Stock Broker Private Limited (DP ID: 82000). It is designed to ensure compliance with SEBI, Exchange, and CDSL surveillance requirements and to monitor, detect, and report suspicious or manipulative activities.

2. Regulatory Framework

This Policy is framed in accordance with the following regulatory circulars, guidelines, and statutory provisions, as amended from time to time:

SEBI Circulars

1. **SEBI/HO/ISD/ISD/CIR/P/2021/22** – Surveillance of securities market framework.
2. **SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/96** – Institutional mechanism for prevention & detection of fraud/market abuse.
3. **SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/99** – SEBI Master Circular on Surveillance of Securities Market.
4. **SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90** – SEBI Master Circular for Stock Brokers (consolidated).

Stock Exchange Circulars

- **NSE/SURV/48818** – Exchange alert criteria and surveillance reporting.
- **NSE Circular No. 428/2024** – Surveillance best practices and accountability matrix.
- **Relevant BSE Surveillance Circulars:**
 - Master Circular – Surveillance (Equity Segment) – **20250430-59**
 - Master Circular – Surveillance (Equity Derivatives Segment) – **20250430-62**
 - Master Circular – Surveillance (Commodity Derivatives Segment) – **20250430-61**
 - Surveillance Measures for Trade-to-Trade Scrip – **20250623-50**

- Surveillance Action re Unsolicited Videos & Social Media – **20250430-53 / 20250502-56**

Depository Circulars

- **CDSL/OPS/DP/SYSTEM/2021/309** – Initial DP surveillance alerts
- **CDSL/OPS/DP/SYSTEM/2024/341** – Updated DP alert criteria and timelines

Other Statutory References

- **Prevention of Money Laundering Act, 2002 and Rules thereunder**
- **SEBI Act, Regulations, and directives issued from time to time**

3. Surveillance Policy – Stock Broking Operations

ASBPL implements a robust surveillance mechanism in compliance with SEBI and Exchange circulars. Key points:

3.1 Alerts Criteria

The following trading behaviors are monitored:

1. Single-day trading contributing >25% of volume in a scrip/derivative by one client/group.
2. Newly activated or reactivated accounts contributing >50% of trading volume in a scrip/derivative.
3. Frequent small-quantity trading in a scrip.
4. Trading disproportionate to reported income/net worth.
5. Multiple demographic modifications within a month.
6. Transactions by clients connected to listed companies prior to price-sensitive information dissemination.
7. Persistent high profits or losses suggestive of transfer of profits/losses.
8. Significant pledging of holdings (>5% paid-up capital) with high trading volume.
9. Orders placed from dealing offices distant from client address.
10. Multiple off-market transfers of shares.
11. Multiple clients trading from same IP address or connected as per KYC parameters.

3.2 Alert Processing

- Alerts provided by NSE/BSE are reviewed **continuously**, with processing within **45 days** of generation.
- Reasons for delayed processing must be documented.
- Following review, actions include:
 - Closing alerts with documented rationale
 - Filing **Suspicious Transaction Reports (STRs)** with **FIU-India**

- Informing Stock Exchanges/SEBI
- Suspension or disassociation with the client

3.3 Record Retention

- All records are maintained as per **PMLA (Maintenance of Records) Rules, 2005, Securities Contracts (Regulation) Rules, 1957**, and SEBI/Exchange directions.
- Records are secured and accessible to designated officials under Compliance Officer supervision.

3.4 Automated Surveillance System & Exchange Alert Integration

ASBPL has implemented and shall continue to maintain an **automated surveillance system** capable of generating alerts based on predefined parameters and thresholds, in line with SEBI, Stock Exchange, and regulatory guidance notes, as amended from time to time.

The surveillance system:

- Is compatible with **alerts and data feeds provided by NSE and BSE**
- Captures and processes **exchange-generated alerts as well as internally generated alerts**
- Enables **risk-based monitoring** of client trading behavior
- Facilitates **timely investigation, documentation, escalation, and closure** of alerts
- Maintains **audit trails and system logs** of alerts generated and actions taken

ASBPL ensures that Exchange-provided alerts are mandatorily reviewed and processed, and internal alerts are aligned with Exchange surveillance guidance notes, SEBI Master Circulars, and prevailing best practices. Any changes in alert parameters issued by regulators or exchanges are promptly adopted.

4. Surveillance Policy – DP Operations

CDSL provides **bi-weekly transactional alerts**. ASBPL monitors and acts on these alerts:

4.1 Alerts Criteria

1. Multiple demat accounts with same PAN/email/mobile/bank details.
2. Bounced emails/letters to clients.
3. Multiple demographic modifications (>2 times/month).
4. Frequent off-market transfers without valid reasons.
5. Off-market or pledge transactions disproportionate to income/net worth.
6. High-value off-market transfers post demographic change.
7. Sudden spikes in transaction activity in new or dormant accounts.

4.2 Alert Processing

- Alerts are processed **within 30 days** of generation.
- Delays must be documented.
- Actions include:
 - Closing alerts with rationale
 - Filing **STRs** with **FIU-India**
 - Reporting to **CDSL/SEBI**
 - Disassociation from suspect clients

4.3 Record Retention

- Maintained as per **PMLA, SEBI (DP) Regulations, DP Operating Instructions**, and other directions.
- Records are secure, tamper-proof, and accessible under Compliance Officer supervision.

4.4 Automated DP Surveillance Alerts

ASBPL DP operations rely on automated alert generation provided by CDSL, including bi-weekly transactional alerts and risk indicators. These alerts are reviewed, investigated, and disposed of within prescribed timelines and are supplemented by internal checks wherever required.

5. Disposal of Alerts

1. Designated officials review daily alerts.
2. If alert requires closure, it is closed with remarks.
3. If action is needed, alert is forwarded to Compliance Officer.
4. Compliance Officer decides on:
 - Closure with remarks
 - Filing STR
 - Reporting to Exchanges/CDSL/SEBI
 - Suspension/disassociation of client
5. Reports on actions taken are submitted to Exchanges/CDSL within **7 days** of identification.

6. Compliance Oversight

- Compliance Officer oversees all surveillance activities.
- Designated Director is responsible for stock broking and DP surveillance.
- Internal Auditor reviews the policy implementation and alerts.

- The Compliance Officer ensures that automated surveillance systems and exchange alert integrations are periodically reviewed for adequacy and regulatory alignment.

6.1 Quarterly Reporting

A quarterly statement providing duly approved status of alerts in respect of stock broking operations on quarterly basis shall be submitted to BSE and NSE in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Trading Member:

Name of Alert	No. of Alerts under Process at Beginning of Quarter	No. of New Alerts Generated in the Quarter	No. of Alerts Verified & Closed in the Quarter	No. of Alerts Referred to Exchange (*)	No. of Alerts Pending/Under Process at End of Quarter

B. Details of alerts referred to the Exchange:

Sr. No.	Date of Alert	Type of Alert	Brief Observation & Details of Action Taken	Date Referred to Exchange

C. Details of any major surveillance action taken (other than alerts referred to Exchanges) if any during the quarter

Sr. No.	Brief Action Taken During the Quarter

In case ASBPL does not have anything to report, a "NIL Report" shall be filed within 15 days from the end of the quarter.

A quarterly statement providing duly approved status of alerts in respect of DP operations on quarterly basis shall be submitted to CDSL in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Depository Participant:

Name of Alert	No. of alerts at the beginning of quarter	No. of alerts generated during the quarter	Total no. of alerts	No. of alerts Closed during the quarter	No. of alerts pending at the End of quarter	Ageing analysis of the alerts pending at the end of the Quarter (since alert generation date) (Segregation of E column)					Reason for pendency
						< 1 month	1-2 months	2-3 months	3-6 months	> 6 months	

B. Details of any major surveillance action taken (other than alerts reported to CDSL) if any during the quarter

Sr. No.	Brief Action Taken During the Quarter

In case ASBPL DP operation does not have anything to report, a "NIL Report" shall be filed within 15 days from the end of the quarter.

7. Review of Policy

- Reviewed at least **once a year** by the Compliance Officer.
- Ensures alignment with updated regulations, circulars, and market practices.

8. Record Keeping & Security

- All surveillance records are **maintained in secure, tamper-proof format**.
- Access restricted to authorized personnel.
- Digital records are password-protected; physical records stored in locked cabinets.