

Market Surveillance Mechanism

Standard operating procedure for Member & Depository Participant

1. Objectives

The objective of this policy is to have in place an effective market surveillance mechanism to ensure investor protection and to safeguard the integrity of the markets. The goal of surveillance is to spot adverse situations in the markets and to pursue appropriate preventive actions to avoid disruption to the markets and the company. The fairness of the markets is closely linked to investor protection and, in particular, to the prevention of improper trading practices. This monitoring is required to analyze the trading pattern of the clients in order to observe whether any transaction (buying/selling/off market) done intentionally, which will have an abnormal effect on the price and/or volumes of any share, which is against the fundamental objective of the Securities Market.

2. To maintain proper records.

In order to maintain the records of the transactional alerts received from the Exchanges, Depositories or the one generated at our end, And to analyze the trading activity of the Client(s)/Group of Client(s) or scripts identified based on above alerts, based on the type of Alerts, the following steps to be taken to review and dispose of the alerts:

1. Seek explanation from such identified Client(s)/Group of Client(s) for entering into such transactions.
2. Financial details of the client.
3. Past trading pattern / transactions of the clients/client group.
4. Seek documentary evidence such as bank statement/demat transaction statement or any other
5. Documents to satisfy itself
 - In case of funds The Financial details of the client, Bank statements of the Client(s)/Group of Client(s) from which funds pay-in has 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.
 - 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.
6. Other connected clients having common email/mobile number/address or any other linkages etc.
7. Other publicly available information on receipt of the above information, after analyzing the reply and evidences, the Company shall record its observations for such identified transactions or Client(s)/Group of Client(s) and in case of any adverse findings/comments/suspicion are

observed, the same shall be communicated to the Exchange or any other regulatory, As desired by the Exchange Or depositary Or any Regulatory, As per the time specified by the them. In case analysis is taking time due to complexity, an extension may be sought to review the alert(s). Tradeswift Broking Pvt. Ltd. for PMLA alerts generated in our back-office system for ascertaining the AML activities, as defined in the FIU website and the Guidelines of SEBI from time to time are monitored and reviewed.

3. Transactional alerts

Based on the off market transactions, the suspicious transactions alerts are generated by our back office systems based on

- 1.Alert for 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 DP.
- 2.Alerts for communication (emails/letter) sent on registered email id/address of clients are getting bounced.
- 3.Frequent changes in details of demat account such as address, email id, mobile number, Authorized Signatory, POA holder etc.
- 4.Frequent off-market transactions by a client in a specified period.
5. off-market and Pledge transactions not commensurate with the income/networth of the client.
- 6.off market transfers (High Value) immediately after modification of details in demat account.
- 7.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, transfers with reason code off-market sales.
- 8.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.
- 9.Detect any type of market manipulation activity carried out by the clients, sell/purchase in suspended shares, etc.,

Depository systems also generates Alerts based on the High Value Transactions and Frequent Off Market Trades.

4. Monitoring and reporting

The compliance officer would be monitoring the policy from time to time based on the guidelines of Regulators, Internal controls and the requirements of the business to safe guard the system. The MIS on the surveillance activities shall be put up to the Board.

5. Disposal of alerts

Based on alerts generated through back office, DP senior official review and due diligence that the alert is required to be closed, the DP official shall close the same with appropriate remarks within 30 days.

Any suspicious alert generated through the system shall be reported to the Board and intimate to FIU immediately.

6. Indicative themes: DP /Member shall generate appropriate surveillance alerts to effectively monitor the transactions of the clients as per indicative themes mentioned in the policy documents.
