

## POLICY FOR SURVEILLANCE OF ALERTS RECEIVED FROM THE EXCHANGE

The below mentioned policy for Surveillance has been approved by the Board of Directors in their meeting. All the employees are required to follow the same and take due care for its proper implementation.

This policy is made to facilitate effective surveillance mechanisms in our organization. The Exchange will provide alerts to us based on the transactions traded on the Exchange. We have to analyze these alerts and seek client information and documentary evidence and submit the same to the exchange within the prescribed time limit.

Following are the transactional Alerts to be covered in surveillance::

No.	Transactional Alerts	Segment
1.	Significantly increase in client activity	Cash
	Sudden trading activity in dormant account	Cash
	Clients/Group of Client(s), deal in common scripts	Cash
	Client(s)/Group of Client(s) is concentrated in a few illiquid scripts	Cash
	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
	Client / Group of Client(s) Concentration in a scrip	Cash
	Circular Trading	Cash
	Pump and Dump	Cash
	Wash Sales	Cash & Derivatives
	Reversal of Trades	Cash & Derivatives
	Front Running	Cash
	Concentrated position in the Open Interest / High Turnover concentration Derivatives	Derivatives
	Order book spoofing i.e. large orders away from market	Cash

The above transactional alerts can be modified to add any other type of alerts as and when required.

For DHANKI SECURITIES PVT. LTD.

Branch Offices:

114, Dalamal Tower, 211, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Tel.: +91-22-22840712, 22842766  
R-401, 4th Floor, Rotunda, Mumbai Samachar Marg, Mumbai - 400001. Tel.: +91-22-22722562, 22721512, Fax: +91-22-22826176  
CIN - U67120MH1997PTC111852 | GST - 27AAACD3930D1Z4

*[Signature]*

Compliance Officer



### Graded Market Surveillance scrip (GSM) (equity segment)

NSE vide its circular NSE/SURV/34262 dated February 23, 2017 and BSE vide its circular 20170223-44 dated February 23 2017 introduced Graded Market Surveillance (GSM) as introduced by equity exchanges, is on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, etc.

In addition to existing Surveillance action being imposed from time to time, securities shall be monitored for price movement by equity exchanges and based on pre-determined objective criteria shall attract following additional graded surveillance measures:

Stage	Surveillance Actions
I	Transfer to trade for trade with price band of 5 % or lower as applicable.
II	Trade for trade with price band of 5 % or lower as applicable and Additional Surveillance Deposit (ASD) of 100% of trade value to be collected from Buyer
III	Trading permitted once a week trading and ASD 100% of trade value to be deposited by the buyers ( Every Monday)
IV	Trading permitted once a week trading with ASD 200% of trade value to be deposited by the buyers ( Every Monday)
V	Trading permitted once a month trading with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)
VI	Trading permitted once a month with no upward movement in price of the security with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)

In view of the above we have incorporated in our in-house software about records of the trading done in such scrips

1. The records so generated are compared visa vis. exchange volumes, repeated days of trading, price volatility in the scrip.
2. Additionally the financials of the company are also analyzed to ascertain whether the trading volumes and price movements are justified.
3. In case any trading is found to be abnormal, initial alerts are sent to the branches. If repeated, after proper verification and analysis the scrip may also is blocked from further trading.

In case of any further regulatory developments, the same would be implemented in spirit and accordingly deemed to be part of this policy.

### Additional Surveillance Measure (ASM) (equity segment)

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NSE vide its circular SE/SURV/37262 dated March 22 2018 and BSE vide its circular 20180321-46 dated March 21 2018 had informed that Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have implemented that along with other measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns viz. Price variation, Volatility etc.

Accordingly, exchanges would review identification of securities for placing in ASM Framework has been carried out. In addition to this, exchanges have issued other circulars from time to time reviewing the parameters for the ASM framework and accordingly updating the scrips in the said framework

In view of the above we have incorporated in our in-house software about records of the trading done in such scrips

1. The records so generated are compared vis a vis. exchange volumes, repeated days of trading, price volatility in the scrip.
2. Additionally the financials of the company are also analyzed to ascertain whether the trading volumes and price movements are justified.
3. In case any trading is found to be abnormal, initial alerts are sent to the branches. If repeated, after proper verification and analysis the scrip may also is blocked from further trading.

In case of any further regulatory developments, the same would be implemented in spirit and accordingly deemed to be part of this policy.

The following activities are also required to be carried out by the RMS / compliance department or the back office based on UCC parameters:

**Client(s) Information:**

To carry out the Due Diligence of its client(s) on a continuous basis. Further, to ensure that key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information, to establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

**Analysis:**

To analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts:

- A) Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- B) Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself. 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. The period for such statements may be at least +/- 2. 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.

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- C) After analyzing the documentary evidences, including the bank / demat statement, the Trading Member shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Trading Member shall report all such instances to the Exchange within 45 days of the alert generation. The Trading Member may seek extension of the time period from the Exchange, wherever required.

Following is the procedure to be adopted in case of any alert being received either from the exchange or generated at our end:

- a) To review the alerts based on
- Type of alert downloaded by the Exchange
  - Financial details of the client
  - Past Trading pattern of the clients/ client group
  - Bank / Demat transaction details (The period for such statements may be at least +/- 15 days from the date of transactions)
  - Other connected clients in TM's UCC (common email/ mobile number/ address, other linkages, etc.)
  - Other publicly available information.

If any concern is seen post inquiry/ receipt of explanation from client, we have to forward the alerts to the Exchange with his comments and any documents deemed relevant.

- Within 45 days of the alert generation. The extension of the time period can be sought from the Exchange, wherever required.
- A Register for recording the alerts has to be maintained which shall record the following Time frame for disposition of alerts, the findings, and if there is any delay in disposition, reason for the same etc.

A quarterly MIS shall be put up to the Board of 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 taken. Also, the Board of Directors shall be apprised of any exception noticed during the disposition of alerts.

The surveillance process shall be conducted under overall supervision of the Compliance Officer/ Designated Director.

Internal auditor 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

Obligation of Quarterly reporting of status of the alerts

Trading members are also required to provide duly approved status of the alerts on a quarterly basis, in the following format to the Exchange within 15 days from end of the quarter.

**For DHANKI SECURITIES PVT. LTD.**

  
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**A. Status of Alerts generated by the Trading member:**

Name of Alert	No. of alerts under process at the 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 the end of quarter

**B. (\*) Details of alerts referred to the Exchange:**

Sr. No.	Date of Alert	Type of Alert	Brief observation and details of action taken	Date referred to Exchange

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

Sr. No.	Brief action taken during the quarter

Updated on 08<sup>th</sup> June, 2023

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