



J. L. SHAH SECURITIES PVT. LTD.

CIN NO – U67120MH19997PTC109555

MEMBER: BOMBAY STOCK EXCHANGE LTD., NATIONAL STOCK EXCHANGE OF INDIA LTD. (SEBI REG NO. INZ000199739)

MEMBER: CENTRAL DEPOSITORY SERVICES (INDIA) LTD. (SEBI REGN. NO. IN-DP-CDSL-467-2008)



Surveillance Policy

In compliance with Exchange notice no. 20130220-23 dated February 20, 2013 this policy containing the following guidelines has been formulated

Terms used in this Policy

Alerts: Referred as transactional alerts arising due to sudden significant increase in client activity, sudden trading activity in inactive/dormant accounts, clients/groups of clients dealer in common scrips, illiquid scrips, minimum lot size/or single scrip, large orders away from the market, concentrated position in the open interest/high turnover concentration, circular trading, pump and dump, wash sales, reversal of trades, front running.

Receipt of Alerts from Exchanges/ generated at member's end

We shall download the alerts which are generated in case of unusual changes in the trading pattern of the clients, sudden trading in dormant accounts as also in suspected cases of circular trading on regular basis. We shall analyze the trading activity of clients on the basis of transactional alerts as generated from back office and shall seek explanations from them for entering into such transactions.

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.

Addition/ Modification of any parameter (correspondence address, contact details, email id, bank and beneficiary accounts) relating to client should also be updated immediately in the UCI database of exchange and the same shall be updated in back office also and also in KRA as per the written request and documents received from the clients. Based on the above information/documents, identification of groups / association amongst clients to identify multiple accounts / common account / group of clients would be established.

We shall ensure that key KYC (Know Your Customers) parameters are updated on a periodic basis as well as latest information of the client is updated in UCC (Unique Client Code) database of the Exchange.



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

In case alerts generated due to unusual changes in the trading pattern of the clients, sudden trading in dormant accounts, we shall within 15 days from the date of transactions verify whether the funds/ securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

In case of adverse observations, we shall report all such instances to the Exchange and FIU within 30 days of the alert generation.

Suspicious / Manipulative activity identification and reporting process

Unusual changes in the trading pattern of the clients, sudden trading in dormant accounts, circular trading shall be termed as suspicious / manipulative activity. As soon as the alert is generated, we shall seek explanations from clients for entering into such transactions. In case of adverse observations, we shall report all such instances to the Exchange and FIU within 30 days of the alert generation.

We shall submit a quarterly report to board on the number of alerts pending, generated and disposed of during the quarter. Besides, reasons for pendency shall be discussed and appropriate action would be taken.