

# MATHRAN SECURITIES PRIVATE LIMITED

## POLICY FOR SURVEILLANCE

Policy created by : Compliance Head	Policy created on : 06/05/2013
Policy reviewed by : Internal Auditor	Policy reviewed on : 01/04/2024
Policy approved by : Board of Directors	Policy approved on : 10/04/2024
Periodicity of Review periodicity : Yearly / SOS	
Version number : V2024.01	Effective date of implementation : 10/04/2024
Officer responsible for implementation :	Mr. Arijit Chandra, Compliance Officer

### **Objective:**

The objective of this policy is to implement a robust surveillance mechanism to monitor suspicious trading patterns, prevent market abuse, and ensure compliance with the regulatory framework prescribed by SEBI and the Exchanges.

### **Surveillance Indicators & Alerts**

The firm shall monitor transactional alerts provided by the Exchange and generate internal alerts based on the following indicators:

- Pump and Dump: Abnormal price rise coupled with significant volume.
- Wash Sales: Transactions where there is no change in beneficial ownership.
- Marking the Close: Trades executed at or near the close of the market to influence the closing price.
- Front Running: Trading in a personal or proprietary account before executing a large client order.
- Insider Trading: Trading patterns that suggest access to Unpublished Price Sensitive Information (UPSI).
- Order Book Manipulation: Frequent cancellation of large orders (Spoofing/Layering).

### **Alert Management Process**

- Generation: Alerts will be downloaded from the NSE Compliance portal (N-LIST) and generated by the internal Back-Office system daily.
- Review Period: All alerts must be analyzed and disposed of within 45 days of alert generation.

- Due Diligence: The Compliance Officer shall review the KYC details, financial status, and past trading history of the client associated with the alert.
- Client Explanation: If the trade pattern is suspicious, a written explanation and supporting documents (e.g., bank statements, demat holding statements) shall be sought from the client.

### **Reporting Obligations**

- Quarterly Reporting: A summary report of the alerts generated, reviewed, and pending shall be placed before the Board of Directors/Partners of MSP Ltd every quarter.
- Reporting to Exchange: In cases where suspicious activity is confirmed, the firm shall report the instance to the NSE Surveillance department within 48 hours of such conclusion.

### **Record Keeping**

As per SEBI norms, all records related to surveillance alerts, including the analysis, client explanations, and final disposal notes, shall be maintained for a minimum period of 5 years to the same in their report.

### **Approval Authority:**

This policy is approved by the Board.

### **Review Policy:**

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

The policy may be reviewed by the Managing Director/CEO and place the changes in policy before the Board at the meeting first held after such changes are introduced.

### **Policy communication:**

A copy of the approved policy shall be made available to Compliance officer, Head of risk and Head of Operations.

This Policy is prepared as required by

1. NSE Circular: NSE/SURV/48818 (dated July 01, 2021) – Consolidated Circular on Surveillance Obligations of Trading Members.
2. SEBI Circular: SEBI/HO/ISD/ISD/CIR/P/2021/22 (dated March 01, 2021) – Surveillance Obligations for Intermediaries.
3. NSE Circular: NSE/SURV/51390 (dated February 23, 2022) – Monitoring of Client's Peak Margin and Surveillance Alerts.