



SURVEILLANCE POLICY FOR TRADING OPERATIONS

This surveillance policy is defined based on the partial modification of Exchange circular nos. NSE/INVG/22908 dated March 07, 2013, and NSE/SURV/40148 dated February 05, 2019, Surveillance is an integral part of any organization for monitoring the transactions based on the guidelines provided by the depository / SEBI from time to time.

Important Definitions:

1. Trading member means member of NSE, BSE.
2. TM (Trading Member) means Vramath Financial Services Pvt Ltd (VFSPL)

1. Obligation of Trading members to generate additional Surveillance alerts:

As per the above referred circular, every TM should frame the surveillance policy based on the business model adopted by the TM and the same approved by the Board. In this scenario, VFSPL being the TM who is servicing the retail clients is required to generate the alerts to monitor the transactions executed in their trading system based on the following parameters and place this policy to obtain necessary approval from the Board:

01. Generation of suitable surveillance alerts which may be guided by indicative themes (the list is inclusive and not exhaustive) given in Para 2 below as well as for transactional alerts downloaded by the Exchanges. (Transactional alerts downloaded by the Exchange are based on some thresholds or parameters. Trading members may have their own different thresholds or parameters so as to detect any suspicious trading activity). As Trading members have closer supervision and are in possession of considerably more information about their clients, they may consider suitable parameters.
02. Processing of alerts within 45 days from the date of alerts downloaded by the Exchanges as well as alerts generated at member's end.
03. Documentation of reasons for any delay in disposition of any of the alerts.
04. Suspicious / manipulative activity identification.
05. Framework of appropriate actions, that can be taken by the Trading member. In addition to the obligations under Prevention of money Laundering Act (PMLA), actions may include suspension of the trading activity of the suspect client, or any other action as may be deemed appropriate.
06. Record maintenance for the period as stipulated under applicable statutes.



2.Obligations of Trading members to generate additional Surveillance alerts:

Based on the above guidelines, TM is required to generate appropriate surveillance alerts, apart from the alerts provided by Exchanges, as per the themes provided below:

S No.	Themes
1.	Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
2.	Client / group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
3.	Disproportionate trading activity vs reported income / Net worth.
4.	Frequent changes in KYC submitted by clients.
5.	Based on an announcement by a listed company, identify Client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
6.	Client / group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'.
7.	Significant trading activity in scrips by client who has pledged the shares of same scrip.
8.	In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis a vis the dealing office address.
9.	Significant trading activity in scrips where client has pledged shares or has significant holding or has frequent off-market transactions.
10.	Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)

Based on the above-mentioned themes / parameters, generate the alerts, and review these alerts based on facts and verification of relevant documents including income / Networth as provided by the client. Compliance Team is required to exercise their independent judgment and take appropriate action to detect any abnormal or suspicious transactions.



3.Obligations of Trading members w.r.t Client due diligence:

1. To carry out Due-Diligence of the clients on an on-going basis. Based on the documents submitted by the clients and the transactions carried out on the trading accounts, required to carry out the due – diligence and prepare the report based on the suspicious transaction on the trading account and review the same by the independent team other than the report generated.
2. Update the key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Being the TM, clients are provided the access of entire information through the Company's Dashboard portal(<https://vramath.webappreports.com/#dashboard>) and allowed the clients to verify the basic details through the Account modification under Requests of the client. In this Option module, clients are allowed to verify the key KYC parameters as such, Mobile number, Email ID, Address details, Bank Account details registered with the trading account and Income Range, If the client wanted to make the necessary changes changes in the above key parameters, they can perform the same which is validated and updated the same after necessary due diligence and also through maker and checker concept by the TM.

4.Reporting the status of alerts generated by TM:

1. Obtain trading rationale and necessary documentation including bank statements, demat statements for analysing / processing the alerts.
2. After analyzing the documentary evidences, shall record the observations for such identified transactions of its Client / Group of Clients.
3. With respect to the transactional alerts downloaded by the Exchange, ensure that all alerts are analyzed, and status thereof (Verified & Closed / Verified & Sent to Exchange) including action taken is updated within 45 days, in the Member Surveillance Dashboard.
4. With respect to the alerts generated at the TM end, report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.

5.Obligation of Compliance officer, Designated Director and Internal Auditor:

1. Compliance Officer of the TM is the responsible for supervising the surveillance activities of TM as stipulated with this policy.
2. Compliance Offer prepare the quarterly MIS report and place the same to the Designated Director on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed, and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Designated Director shall be apprised of any exception noticed during the disposition of alerts.
3. Designated Directors would be responsible for all surveillance activities carried out by the TM.



4. Internal auditor of trading member 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.
5. Compliance Officer required to provide the duly approved status of the alerts on a quarterly basis, in the format specified by the Exchange within 15 days from the end of the quarter.
6. Compliance officer shall ensure that the above details are uploaded on the Member Surveillance Dashboard (MSD) within 15 days from the end of the quarter.

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Place: Coimbatore.