

SURVEILLANCE POLICY ON TRANSACTIONAL ALERTS

SUB: Monitoring and Reporting of Transactional Alerts.

REF NSE Circular Ref. No. NSE / INVG / 22908 Dt.7.3.2013 & BSE Notice No. 20130307-21 Dt.7.3.13

Trading Member Obligation :

Exchange is facilitating effective surveillance mechanism at Member Level, they are providing the alerts based on the trading activity which will be available in the Member Portal. They said, the alerts provided by them are indicative list and members have to formulate their own alerts in addition to the list provided by the Exchange.

Monitoring and Reporting Process:

This is ongoing process under overall supervision from Compliance Officer (CO). CO has to analyse the trading activity of the clients and seek explanation from such clients identified when the alerts are received. After analysing the documentary evidence from the clients, CO has to document the observations and the same has to be submitted to the Exchange within 45 days of the alert generation. CO has to put up the Quarterly MIS w.r.t. the No.of alerts pending at the beginning of the quarter, generated & disposed during the quarter and pending at the end of the quarter to the Board.

Own Alerts of Fortune :

Over and above the alerts provided by the Exchange on certain parameters, we are developing Alerts on 2 parameters described below. We are co-ordinating with our Back Office Vendor and will be made available shortly.

ALERT TYPE 1:

Making payment for the transactions:

- 1) Basic information of clients Annual Income Details should be considered which was available in client records / KYC
- 2) This should be compared with the Net Payment (Gross Receipts – Gross Payments) received from the clients at a given point in time i.e. The date we entered in the system. e.g. If a client makes different pay-in at different period and took different pay-out at different period in the same Financial Year, the net of the Two should be considered
- 3) The comparison period is Financial Year basis only (like Apr – Mar)
- 4) Comparison details – Point 1 & Point 2.
- 5) Alert generated if the Point 2 value is on or above 10 times of the value of Point 1
- 6) Point 1 value determined as Annual Income Details opted by client and fed in the system. If the value fed as less than 1 Lakh, the value should be considered as 1 Lakh and the alert should be generated on or above 10 Lakhs Net Pay-in. If the value fed as 1 to 5 Lakhs, the value should be considered as 5 Lakh and the alert should be generated on or above 50 Lakhs Net Pay-in of funds.

ALERT TYPE 2:

Pay-in of Securities against Sale of Shares:

- 1) Basic information of clients Annual Income Details should be considered which was available in client records / KYC
- 2) This should be compared with the Net value of Pay-in of Securities (Gross Delivery Purchase of Shares – Gross Delivery Sale of Shares) received from the clients at a given point in time i.e. The date we entered in the system. e.g. If a client makes different pay-in of securities at different period and took different pay-out of securities at different period in the same Financial Year, the net of the Two should be considered
- 3) The comparison period is Financial Year basis only (like Apr – Mar)
- 4) Comparison details – Point 1 & Point 2.
- 5) Alert should be generated if the Point 2 value is on or above 10 times of the value of Point 1
- 6) Point 1 value determined as Annual Income Details opted by client and fed in the system. If the value fed as less than 1 Lakh, the value should be considered as 1 Lakh and the alert should be generated on or above 10 Lakhs Net Pay-in. If the value fed as 1 to 5 Lakhs, the value should be considered as 5 Lakh and the alert should be generated on or above 50 Lakhs Net Pay-in of funds.

Extention of Time:

We can seek extension of time period from the Exchange wherever required if the timelines for reporting is not met due to unforeseen circumstances / difficulties.

Reporting Format:

Please find herewith attached the reporting format consisting of the following :

Sl.No	Alert Received Date	Exchange	Client Code	Client Name	Type / Narration of Alert	Observations / Remarks