

SURVEILLANCE POLICY

1. PREFACE:

Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair transactions that may violate securities related laws, rules and regulations.

In Securities Market, it is imperative to have in place an effective market surveillance mechanism in order to alert the customers with respect to their obligations, open positions, market conditions, margin requirements, regulatory requirements and steps initiated by brokers in case of changing market situations.

With a view to enhance customer knowledge, ensure investor protection and safeguard integrity of the markets **RADAR VISIONLIMITED** have devised a comprehensive **Surveillance Policy** to make sure that customers are aware of the criteria based on which **RVL** monitors risks and initiates actions to safeguard the interest.

2. POLICY:

The below mentioned policy made as per NSE circular no. NSE/INVG/22908 dated March 7, 2013 for surveillance is to be implemented by the company and all the employees are required to follow the same and take due care for its proper implementation.

The policy is made to facilitate effective surveillance mechanism in our organization. We will be downloading the alerts based on the trading activity of the client from the Exchange through Member Portal. The Compliance officer will have to analyze these alerts and seek client information and other documentary evidences and submit the same to the exchange within the prescribed time limit.

A) Following are the transactional alerts to be covered in surveillance:

Sr. No.	Transactional Alerts	Segments
1.	Significant increase in client activity	Cash
2.	Sudden trading activity in dormant account	Cash
3.	Clients/Group of Client(s) dealing in common scrips	Cash
4.	Client(s)/Group of Client(s) concentrated in a few illiquid scrips	Cash
5.	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6.	Client(s)/Group of Client(s) concentration in a scrip	Cash
7.	Circular Trading	Cash
8.	Pump and Dump	Cash
9.	Wash Sales	Cash and Derivatives
10.	Reversal of Trades	Cash & Derivatives

11.	Front Running	Cash
12.	Concentrated position in the Open interest/ High Turnover concentration	Derivatives
13.	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.

3. PROCESS OF IDENTIFICATION OF SUSPICIOUS/MANIPULATIVE ACTIVITY:

In case of any alert being received either from the exchange or generated at our end, following procedure is to be followed:

- i) To review the type of alert downloaded by the exchange or generated at our end.
- ii) Financial details of the client.
- iii) Past trading pattern of the clients/client group.
- iv) Bank/Demat transaction details.
- iv) Other connected clients having common email/mobile number/address or any other linkages.
- v) Other publicly available information.

After analyzing the alerts generated and in case of any adverse findings, the same shall be communicated to the exchange within 45 days from the alert generated. The Company may seek extension of time period from the exchange, wherever required.

In order to have in-depth analysis of the above transactional alerts, the following due diligence shall be taken based on the following parameters:

A) Client(s) Information:

Due diligence of clients to be done on a continuous basis. Further, **RADAR VISIONLIMITED** shall ensure that key KYC parameters are updated on a yearly basis and latest information of the client is in updated Unique Client Code (UCC) database of the Exchange and the same shall be updated in back office also. Based on this information the company shall establish groups/association amongst clients to identify multiple accounts/common account/group of clients. Clients trading in derivative segment have to furnish the following relevant documents pertaining to financial details on a yearly basis:

- Copy of ITR Acknowledgement
- Copy of Annual Accounts
- Copy of Form 16 in case of salary income
- Net Worth Certificate
- Salary Slip
- Bank account statement for last 6 months
- Copy of demat account Holding statement

- Any other relevant documents substantiating ownership of assets
- Self declaration along with relevant supporting.

4) ANALYSIS:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts received from the exchange the following information shall be sought from the clients:

a) Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions. Letter/email to be sent to client asking the client to confirm that client has adhered to trading regulations and details may be sought pertaining to funds and securities and other trading pattern.

b) Seek documentary evidence such as bank statement / Demat transaction statement or any other documents to support the statement provided by the clients:

i. 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.

ii. The period for such statements may be at least 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.

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

5) MONITORING AND REPORTING:

For effective monitoring the company shall maintain a register which shall record time frame for disposition of alerts, the findings, and if there is any delay in disposition, the reasons for the same, etc.

The surveillance process shall be conducted under overall supervision of the Compliance Officer and based on facts and circumstances he is required to take adequate precaution. Compliance Officer would be responsible for all surveillance activities and for the record maintenance and reporting of such activities.

The Company shall prepare quarterly MIS and shall put to the Board of Directors 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 shall be taken. In case of any exception noticed during the disposition of alerts, the same shall be put up to the Board.

Internal Auditor of the Company shall review its 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.

6) REVIEW POLICY:

This policy shall be reviewed by the Board and any necessary changes shall be introduced as and when it is found necessary due to business needs and the same shall be communicated to the compliance officer. The compliance Officer shall make necessary modifications communicated to him and hence the new modified policy shall come into effect.

