

MUDRA OM SECURITIES PRIVATE LIMITED
OBLIGATION SURVEILLANCE POLICY OF DEPOSITORY PARTICIPANT
DPID - CDSL - 12069600
DEPOSITORY PARTICIPANT OPERATIONS

OBJECTIVE:

The objective of this policy is to have effective surveillance frame work for DP's.

To identify adverse situation and pursue appropriate preventive action, there-by providing investor protection against the unusual moment of stock.

CDSL ISSUED A CIRCULAR NO: CDSL/OPS/DP/SYSTM/2021/309 DATED: MAR15, 2022.

This policy was framed & placed before the board the director and approved by the board on the 30 APR 2022.

This policy deals with:

- 1) Alerts provided by CDSL
- 2) Alerts generated by DP.

• **Alerts provided by CDSL**

The alerts will be provided by depository (CDSL) and all such alerts will be verified by the compliance officer. The due diligence of such clients will be undertaken once again.

DP shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to Depository) including action taken is updated within 30 days

DP shall maintain a record of all alerts provided by the Depository (CDSL) and will also record the action taken against such alerts.

Any adverse observation in the alerts will be reported to CDSL.

• **Alerts generated by DP**

Following alerts generated by DP.

1. Client has opened several multiple accounts that is account open with same PAN/mobile number / email id/ bank account no. / Address Etc. All such account shall be closed with immediate effect record thereof will be kept by DP.
2. Any mail getting bounced for any BO account, the records thereof will be kept by the DP.
3. Frequent changes in details of demat account such as address, email id, mobile number, Authorized Signatory, POA holder etc.
4. Any BO making frequent off market transactions in a month shall be examined by DP and due diligence of such client and reason of such off-market transaction will be recorded by the DP.

5. Off-market transfers not commensurate with the income/Net worth of the client.
6. Any pledge transaction not commensurate with the income/Net worth of the client. The new net worth shall be obtained by the DP.
7. Off-market transfers (High Value) immediately after modification of details in demat account.
8. Review of reasons of off-market transfers provided by client for off-market transfers vis-a-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9. Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10. Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

In point 8,9,10 in all such cases, DP shall conduct due diligence of the client and shall ensure there is no adverse observation and if found shall be reported to CDSL.

The compliance officer shall be responsible for supervision and surveillance of policy.

The compliance officer shall ensure that surveillance reporting is done to CDSL in the prescribed format at the end of every quarter within 15 days from end of the quarter.

With respect to the alerts generated at the DP end, DPs shall exercise their independent judgment and take appropriate action to detect any abnormal or suspicious transactions. DP shall report instances with adverse observation, along with details of action taken, to CDSL within 7 days of the date of identification of adverse observation.

The data of alerts provided by CDSL and generated by the DP and the action taken against such alerts shall be placed before the board.

Compliance officer shall ensure that internal auditor reviews all alerts and shall further ensure that any adverse observation be submitted to DP.

Review:

This policy shall be reviewed on yearly basis or as and when required.

Obligation w.r.t. client due diligence:

1. We will carry out the Due Diligence of their client(s) on an on-going basis.
2. We shall ensure that 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. We shall also ensure that 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 Depository System.

3. Based on available information, we shall establish groups / association amongst clients, inter alia, to identify multiple accounts / common account / group of clients.

Obligations w.r.t. processing of alerts:

1. We shall obtain trading rationale and necessary documentation including bank statements; demat statements for analyzing / processing the alerts.
2. After analyzing the documentary evidences, we shall record its observations for such identified transactions of its Client / Group of Clients.
3. With respect to the transactional alerts downloaded by the Exchange, we shall 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, we shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.

W.r.t. DP Operations:

1. We will maintain register (electronic/physical) for recording of all alerts generated.
2. While reviewing alerts, we shall obtain transaction rationale, verify demat statement and also obtain supporting documents as required from the client.
3. After verifying the documentary evidences, we will record its observations for such identified transactions of its Client.
4. With respect to the transactional alerts provided by Depository, we shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to Depository) including action taken is updated within 30 days. Detailed procedure w.r.t sharing of alert by Depository with DPs and report submission by DPs in this regard will be provided separately.
5. With respect to the alerts generated at our end, we shall report instances with adverse observation, along with details of action taken within 7 days of the date of identification of adverse observation.

Obligation of Compliance officer, Designated Director/Partners/Proprietors:

1. The surveillance activities shall be conducted under overall supervision of its Compliance Officer.
2. A quarterly MIS shall be put up 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.

Obligation of Quarterly reporting of status of the alerts generated to Exchanges/Depository:

We will provide duly approved status of the alerts on a quarterly basis, in the prescribed format to the Exchange/Depository within 15 days from end of the quarter

General:

1. A daily reporting of the alerts to the designated director and principal officer.
2. Quarterly MIS to the Board of Directors if there are alerts as to the number of alerts received, disposed off during the quarter and pending at the end of the quarter and the reasons for pendency should be discussed and appropriate action taken for disposing of the alerts.
3. The surveillance process to be conducted under overall supervision of its Compliance Officer/Principal Officer. Compliance Officer of the Company and their team would be to be responsible for all surveillance activities carried out for the record maintenance and reporting of such activities under the supervision of the Designated Director.
4. Internal auditor 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. This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.