SURVEILLANCE POLICY OF INDIRA SECURITIES PRIVATE LIMITED

Policy for Stock-Broker and Depository Participant

BSE Limited (BSE), National Stock Exchange of India Limited (NSE), and Central Depository Services Limited (CDSL) have issued a series of directives and communiqués mandating that Trading Members and Depository Participants implement a structured surveillance policy. The objective is to enable timely detection of suspicious and manipulative activities and ensure adequate checks and internal controls. BSE Notice No 20210701-30, NSE Circular No.: 452/2021 and SEBI Circular SEBI/HO/ISD/ISD-PoD-2/P/CIR/2023/039 dated March 23, 2023 and CDSL Communique dated July 15, 2021, Ref. No.: CDSL/OPS/DP/SYSTM/2021/309 and CDSL Communique dated June 20, 2024, Ref. No.: CDSL/OPS/DP/SYSTM/2024/341, SEBI Master Circular dated July 09, 2024 (SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/99), CDSL vide its circular CDSL/OPS/DP/POLCY/2024/384 July 10, 2024, circular- CDSL/OPS/DP/SYSTM/2024/552 September 20, 2024, SEBI Circular no. SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126 dated September 23, 2024, CDSL circular- CDSL/OPS/DP/POLCY/2024/561 September 24, 2024 circular- CDSL/SURV/DP/POLCY/2025/316 May 12, 2025 has directed the Trading Member / Depository Participant to frame a surveillance policy for effective monitoring the alerts based on trading / demat activity on theExchanges/Depository as well as own alerts generated by the trading member/ DP at their end based on their surveillance policy and suitable actions. Tradingmember/DP is directed to have proper mechanisms and to ensure that properchecks and balances are in control.

This policy is applicable to both stock broking and depository participant with effect from its date of operations. The same was reviewed and approved in the meeting of the Board of Directors of INDIRA SECURITIES PRIVATE LIMITED held on 15 May 2025.

SCOPE

This policy aims to lay down the surveillance framework for monitoring client behavior, identifying patterns indicative of unusual or potentially manipulative activity, and ensuring timely and appropriate responses. It encompasses alerts received from Exchanges and CDSL, as well as those generated internally at the broker or DP level.

Surveillance Policy for Stock Broking Operations

INDIRA SECURITIES PRIVATE LIMITED shall monitor alerts provided by Stock Exchanges and also generate in-house alerts based on observed trading behavior. All alerts must be reviewed, with appropriate action taken either by disposing of the alert or escalating the matter for regulatory reporting.

The following types of alerts shall be generated and monitored:

1. **High volume contribution**: Clients or group of clients contributing more than 25% of the total daily traded volume in a scrip or derivative contract.
2. **New/reactivated accounts with large volumes**: Clients, who are newly registered or reactivated after a long gap, but contribute over 50% of the volume in a specific scrip/contract.
3. **Frequent demographic modifications**: Clients requesting changes in address, email, mobile number, or bank details two or more times within a month.
4. **Suspected insider trading**: Clients connected to a listed company trading in the company's securities prior to UPSI disclosures.
5. **Focus on listed watch list scripts**: Clients frequently trading in scripts under "Information List" or "Current Watch List" with over 20% daily volume.
6. **Suspicious trading outcomes**: Clients earning or incurring consistent and unusual profits or losses, indicative of collusive or circular trading.
7. **Pledged promoter holdings**: Clients holding more than 5% of a listed company's shares, pledging 100% of holdings for margin while actively trading in the same scrip.
8. **High off-market receipts in demat accounts**: Clients receiving large quantities of listed shares via off-market transfers resulting in 5% or more of the company's paid-up capital.
9. **Unusual pledging activity**: Clients pledging shares received through multiple off-market transfers without sufficient economic rationale.
10. **Synchronized trading between group clients**: Repeated matching trades at same price/quantity among related clients, suggestive of collusion.
11. **Pump-and-dump pattern**: A group of clients building positions aggressively and exiting rapidly in low volume scripts, affecting price significantly.
12. **Reversal trades**: Opposite trades by the same or related parties within short intervals, creating artificial volume.
13. **Cross market anomalies**: Clients trading simultaneously in equity and derivative segments showing artificial hedging patterns.
14. **Order-to-trade ratio anomalies**: Clients placing large orders with low execution indicating potential spoofing or layering.

Each of these alerts must be acted upon within **15 calendar days**, and reasons for delayed action, if any, must be recorded. Where a Suspicious Transaction Report (STR) is warranted, it must be filed with FIU-India. Further action such as account restrictions or regulatory reporting may also be taken.

Surveillance Policy for Depository Participant Operations

DP Name shall review alerts received from CDSL on a fortnightly basis and also generate internal alerts based on unusual demat activity. All alerts shall be verified with client details, financial profile, and transaction history. Alerts must be closed with remarks or escalated for regulatory action.

The following surveillance points shall be covered:

1. **Multiple demat accounts with common KYC**: PAN, mobile number, email, bank account, or address being common across different clients.
2. **Communication failures**: Repeated bounce of emails or letters sent to registered addresses, indicating invalid contact details.
3. **Repeated profile updates**: Frequent changes to KYC or account authorization details such as POA holders or signatories.
4. **High off-market activity**: Clients executing frequent off-market transfers not in line with transaction history or declared income.
5. **Off-market activity exceeding financial capacity**: Transfers or pledges not supported by income/net worth documents or client profile.
6. **High-value transactions post-profile modification**: Clients modifying account details and immediately executing large transactions.
7. **Suspicious gifting or donations**: Use of "gift", "donation", or "off-market sale" reasons in repeated off-market transfers to unrelated parties.
8. **Zero balance after high activity**: New demat accounts that show sudden spike in transactions and become dormant shortly after.
9. **Unusual pledge trends**: Repeated pledging of same security or pledging of recently received off-market shares.
10. **Any activity not aligning with client profile**: Any other transaction deemed unusual or manipulative upon profile review.

All alerts must be processed within **30 calendar days**. Where adverse observation is found, details shall be reported to CDSL within **7 calendar days**. STR shall be filed with FIU-India as per requirement under PMLA.

The DP shall identify suspicious/ manipulative activities undertaken by any client through monitoring of transaction(s). The DP shall, in case of reporting of any transaction as STR to FIU-lndia, shall evaluate whether any further action including disassociating with the suspect client(s) and reporting to CDSL/SEBI and/or other Regulatory Authorities.

The DP shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2OO5, and Securities Contracts (Regulation) Rules, 1957, SEBI (Depository and participants) Regulations, 1996, DP Operating lnstructions and any other directions as may be issued by SEBI/ Stock Exchanges from time to time. The appropriate action will be taken in case any abnormal or suspicious transaction has been detected and the same will be reported to CDSL.

Obligations of Compliance Officer/ Designated Director and Internal Auditor of the Stock Broking Business and Depository Participant operations

The Compliance Officer shall be responsible for implementing and supervising the surveillance process across all DP operations. This includes timely review, documentation, and disposal of alerts generated internally or received from CDSL, and ensuring adherence to reporting timelines prescribed under relevant circulars.

A well-defined Standard Operating Procedure (SOP) must be maintained and periodically reviewed. It should clearly define alert categories, timelines for disposal, escalation procedures, and ensure a proper maker-checker mechanism is followed for reviewing alerts.

If any alert results in an adverse observation, it must be reported to CDSL within **7 calendar days from the date of identification**, and the underlying transaction must not be older than **60 calendar days**. The report should include the basis for the observation and related analysis.

The Compliance Officer shall also ensure that supporting documents—such as client replies, analysis, and remarks—are uploaded to the **CDSL Surveillance Portal** against relevant alerts, using the document upload feature provided.

The Surveillance Alert Dashboard made available by CDSL shall be regularly monitored to track reviewed, pending, or returned alerts, and to support timely follow-up.

The Compliance Officer must also ensure delivery of CDSL alert emails by coordinating with IT to whitelist IPs and avoid filtering issues. Non-receipt of reminders shall not be accepted as a reason for delay.

Delays in response beyond **45 days** may attract penalties from CDSL, starting at ₹500 per alert, and ₹1,500 per fortnight thereafter. If penalties exceed ₹15,000 in six months, the matter may be escalated to a member committee.

A quarterly MIS must be presented to the Board and Designated Director detailing alert statistics, ageing of pending alerts, escalations, and actions taken. The Designated Director shall be accountable for ensuring effective oversight and resolution of all serious surveillance issues.

Obligation of Quarterly reporting of status of the alerts generated for Stock Broking Operations and Depository Participant Operations:

1. A quarterly statement providing duly approved status of alerts in respect of stock broking operations on quarterly basis shall be submitted to BSE, NSE in the following format within 15 days after the end of the quarter:

   A. Status of Alerts generated by the Trading Member:

Name of Alerts	No. of alerts under process at the beginning of quarter	No. of new Alerts generated in the quarter	No. of Alerts Verified & Closed in The quarter	No. of alerts referred to Exchange	No. of alerts pending/ under process at the end of quarter

   B. Details of alerts referred to the Exchange

Sr. No.	Date of Alerts	Type of Alerts	Brief observation and details of action taken	Date referred to Exchange

C. Details of any major surveillance action taken (other than alerts referred to Exchanges) if any during the quarter

Sr. No.	Brief action taken during the quarter

D. ln case INDIRA SECURITIES PRIVATE LIMITED does not have anything to report, a "NlL Report" shall be filed within 15 days from the end of the quarter

2. A quarterly statement providing duly approved status of alerts in respect of DP operations on quarterly basis shall be submitted to CDSL in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Depository participant:

Name of Alerts	Opening Balance of alerts at the beginning of the quarter (A)	No. of alerts generated during the quarter (B)	Total no. of alerts (C=A+B)	No. of alerts closed during the quarter (D)	Alerts pending at the end of the quarter (E=C-D)	Ageing analysis of the alerts pending at the end of the Quarter					Reason for pendency
						<1 month	1-2 months	2-3 months	3-6 months	>6 months	

B. Details of any major surveillance action taken (other than alerts reported to CDSL) if any during the quarter

Sr. No.	Brief action taken during the quarter

C. ln case INDIRA SECURITIES PRIVATE LIMITED DP operation does not have anything to report, a "NlL Report" shall be filed within 15 days from the end of the quarter.

Review of Policy:

The Surveillance Policy shall be reviewed on periodic basis and at least once a year by the Compliance Officer to ensure that the same is updated in line with market trends, updated regulations, and practices.

For, INDIRA SECURITIES PRIVATE LIMITED

Vimalesh Ajmera

Compliance Officer