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# UPSE SECURITIES LIMITED

14/113 CIVIL LINES , KANPUR – 208 001

08.05.2013

Member :BSE Limited, National Stock Exchange of India Limited and MCX Stock Exchange Limited

SEBI Regn. Nos. : INB011116838, INB/INF 231116832 and INE261116838, INB/INF261116835

In view of BSE Notice No. 21 and NSE Circular No. 831 (Download No.22908), both dated March 7, 2013 and MCX-SX Circular No. 1053 dated March 8, 2013, the Company has formulated its Surveillance Policy as under:

## Surveillance Policy for Cash and Derivative Markets

### Transactional Alert :

The following alerts are regularly generated by the Exchanges:

<u>S.No.</u>	<u>Transactional Alert</u>	<u>Segment</u>
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.	Clients/Group of Client(s) dealing in scrip in minimum lot size	Cash
6.	Client/Group of Client(s) concentration in a scrip	Cash
7.	Circular Trading	Cash
8.	Pump and Dump	Cash
9.	Wash Sales	Cash & 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

### Clients Information:

The Company shall carry out the due diligence of its Client on a continuous basis. KYC parameters shall be updated on a periodic basis as prescribed by SEBI and latest information of the clients shall be updated in UCC database of the Exchanges. Based on this information, the Company shall establish groups / association amongst clients to identify multiple accounts / common account /group of clients.

Further Generation of Alerts by the Company:

In addition to the above alerts regularly generated by the Exchanges, in view of the transactions of any client / clients / groups / association, the Company may also generate other alerts.

Analysis (Identification and Reporting Process of Suspicious / Manipulative Activity):

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the Company shall:

a. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.

b. Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy:

1. In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, shall 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, shall be sought.

2. 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 shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Company shall report all such instances to the concerned Exchange within 45 days of the alert generation. The Company may seek extension of the time period from the Exchange, wherever required.

Monitoring and Reporting:

1. The Company shall maintain date wise record of all the alerts (whether generated by the Exchanges and / or by the Company) and disposal thereof.
2. The alerts will be disposed of normally within 45 days.
3. If the working of the client /client group(s) is found normal / not much of gravity, the alert will be closed.
4. In case of any serious adverse finding's, the client/Client group, for whom, the alert has been marked by the Exchange or by the Company, may be asked to stop the trading activities.
5. If the nature of adverse finding is minor or procedural in nature, the Client(s) may be permitted to continue the trading activities under intimation to the concerned Exchange.

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Management Information System (MIS)

A quarterly MIS shall be put up to the Board of the Company on 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. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.

The surveillance process shall be conducted under overall supervision of its Compliance Officers.

Date: 10.07.2018