

Unlock Wealth Securities Limited

Surveillance Policy

Surveillance Policy of Unlock Wealth Securities Limited on the basis of BSE Notice No. 20210701-30 dated July 01, 2021, NSE Circular No. 48818 dated July 01, 2021 and CDSL Communiqué No. CSDL/OPS/DP/SYSTEM/2021/309 dated July 15, 2021

In supersession of earlier Surveillance Policy, Unlock Wealth Securities Limited hereby adopts the following Surveillance Policy :

Basis

1. Unlock Wealth Securities Limited (the company) shall generate suitable surveillance alerts on certain themes as well as for transactional alerts downloaded by the Exchanges and CDSL. The company shall define suitable parameters in this regard.
2. The company shall process alerts within 45 days in case of exchanges and 30 days in case of CDSL from the date of alerts downloaded by the Exchanges and CDSL respectively and as well as alerts generated at company's end within the above period.
3. The company shall document reasons for any delay in disposition of any of the alerts.
4. The company shall identify Suspicious / Manipulative activity.
5. The company shall create a framework of appropriate actions that can be taken in addition to the obligations under Prevention of Money Laundering Act (PMLA). The actions may include suspension of the trading activity of the suspect client, or any other action as may be deemed appropriate.
5. The company shall maintain records for the period as stipulated under applicable statutes.

Indicative themes for generation of alerts

The indicative themes on which the company shall generate alerts are as under:

1. Client shall be identified accounting for a significant percentage (100%) of the total trading activity in a scrip / contract as compared to the market.
2. New Clients or clients dealing after a significant time gap of more than 180 days, accounting for significant value /percentage (100%) of total trading activity in a scrip / contract as compared to the market.
3. Client dealing frequently in small quantity / minimum market lot of one in a scrip / contract.
4. Client trading disproportionately as compared to reported income / Net worth.
5. Clients' making frequent changes in KYC attributes.
6. To identify client having possible direct / indirect connection with a listed company based on an announcement by a listed company who have undertaken any suspicious trading activity prior to price sensitive

announcement by said listed company.

7. Client having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list' published from time to time.
8. Consistency in profit / loss at client level, rationale for such trading activities.
9. Significant trading activity in scrips by client who has pledged the shares of same scrip.
10. In case of concerns of trading activity of a client in a scrip, monitoring whether the orders are being placed by respective client or his authorized representatives and monitoring client's address as per KYC vis-a-vis the dealing office address.
11. Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location).
12. In case the client has significant trading activity in the same scrips which the client has pledged or has significant holding or has frequent off-market transactions in the said scrips.
13. In case the client has opened multiple demat accounts with same demographic details (viz. same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP).
14. Communication (emails/letter) sent on registered Email id/address of clients getting bounced.
15. Client making frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
16. Client making frequent off-Market transfers in a specified period.
17. Client making off-market transfers not commensurate with his income/Networth.
18. Client making pledge transactions not commensurate with his income/Networth.
19. Client making off-market transfers (High Value) immediately after modification of details in demat account.
20. Review of reasons given by the client for off-market transfers vis- à-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.
21. Sudden Increase in transactions activities in newly opened accounts in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
22. Analyze patterns and trends with respect to different themes in order to prevent and detect any type of market manipulation activity carried out by the client.

Client due diligence:

The company shall carry out following activities for client due diligence:

1. The company shall carry out the Due Diligence of their client(s) / BO(s) on an on-going basis.
2. The company 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 / Depository System..

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

Processing and Reporting of alerts:

1. Trading Member shall obtain trading rationale and necessary supporting documents including bank statements, demat statements, Income/networth provided by the client / BO for analyzing / processing the alerts.
2. After analyzing the documentary evidences, the company shall record its observations for such identified transactions of its client.
3. With respect to the transactional alerts downloaded by the Exchanges and CDSL the company shall ensure that all alerts are analyzed and status thereof (Verified & Closed / Verified & Sent to Exchanges/CDSL) including action taken is updated within 45 days / 30 days or as prescribed by the exchanges / CDSL from time to time in the reporting portals of the respective exchange or to CDSL or other authority as applicable. Reason for any delay in disposition of the alerts within the prescribed time shall be recorded.
4. With respect to the alerts generated at the company end, the company shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days or within 30 days to CDSL or as prescribed by the exchanges/CDSL from time to time, of the alert generation.

Quarterly Reporting

The company shall also provide duly approved status of the alerts on a quarterly basis o the exchanges and CDSL in the prescribed format within 15 days from end of the quarter.

Depository (CDSL) specific Provisions

1. The company shall maintain register (electronic/physical) for recording of all alerts generated.
2. While reviewing alerts, the company shall obtain transaction rationale, verify demat statement and also obtain supporting documents as required from the client.
3. After verifying the documentary evidences, company will record its observations for such identified transactions of its Client.
4. With respect to the transactional alerts provided by Depository, company shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to

Depository) including action taken is updated within 30 days.

5. With respect to the alerts generated at the company end, the company 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.

Obligation of Compliance officer

5. The surveillance activities of the company shall be conducted under overall supervision of its Compliance Officer.
6. A quarterly MIS shall be put up to the Designated Director in case of stock exchanges related alerts 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 on the format prescribed by the exchanges /Depository (if any) from time to time. Also, the Designated Director shall be apprised of any exception noticed during the disposition of alerts. The above MIS shall be placed before the Board in case of CDSL related alerts.
7. Designated Director would be responsible for all surveillance activities carried out by the company.
8. Internal auditor of the company 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.
9. In case of Depository, Internal Auditor shall also verify that the quarterly MIS is prepared and placed before the Board of the company.

This policy shall be reviewed once in a year to keep it in line with the market trends.