

Wealth Discovery Securities Pvt Ltd

SURVEILLANCE POLICY

The company has laid down policy guidelines which have been framed in the light of National Stock Exchange (NSE) Circular No.: 831/2013 Ref. No.: NSE/INVG/22908. In pursuance of above said circular Wealth Discovery Securities Pvt Ltd is implementing this surveillance policy applicable to all clients of Wealth Discovery Securities Pvt Ltd.

Objective of this policy

- i. To establish a surveillance mechanisms and controls in the operations /trading activity of Wealth Discovery Securities Pvt Ltd clients.
- ii. To put in place appropriate controls for the detection and reporting of suspicious trading activities in accordance with applicable laws/laid down procedures.
- iii. To comply with applicable laws and regulatory guidelines.

Duties and Responsibilities

This Surveillance policy is approved by the Board of Directors of Wealth Discovery Securities Pvt. Ltd and a quarterly MIS shall be put up to the Board 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. Further, reasons for pendency along with appropriate action taken to resolve them shall be discussed. Board shall be apprised of any exception noticed during the disposition of alerts.

Designated directors/ Compliance officer shall be the responsible for all surveillance activities carried out by Wealth Discovery Securities Pvt. Ltd, maintenance of record and reporting of such activities.

Internal auditor of Wealth Discovery Securities Pvt. Ltd shall review the surveillance policy, its implementation, effectiveness and the alerts generated during the period of audit. Internal auditor shall record the observation with respect to the same in their report.

Transaction Alerts

Wealth Discovery Securities Pvt. Ltd surveillance desk shall download all the below mentioned alert based on the trading activity of client provided by the exchange vide Circular No. : 831/2013 Ref. No. : NSE/INVG/22908.

| S. No. | Transaction Alerts | Segment |
|--------|--------------------|---------|
|--------|--------------------|---------|

| | | |
|----|--|--------------------|
| | | |
| 1 | Significantly increase in client activity | Cash |
| 2 | Sudden trading activity in dormant account | Cash |
| 3 | Clients/Group of Client(s), deal in common scrips | Cash |
| 4 | Client(s)/Group of Client(s) is concentrated in a few illiquid scrips | Cash |
| 5 | Client(s)/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 |
| 23 | Concentrated position in the Open Interest / High Turnover concentration | Derivatives |
| 13 | Order book spoofing i.e. large orders away from | Cash |

Clients Due Diligence

Wealth Discovery Securities Pvt. Ltd shall carry out the Due Diligence of client(s) on a continuous basis and shall update all the KYC parameters as prescribed by SEBI and latest information of the client in Unique Client Code (UCC) database of the Exchange.

Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the Wealth Discovery Securities Pvt. Ltd shall require to:

1. Wealth Discovery Securities Pvt. Ltd shall require explanation from such identified Client(s) / Group of Client(s) for entering into such transactions as enclosed the **Format**
2. Wealth Discovery Securities Pvt Ltd shall require documentary evidence such as bank statement / demat transaction statement or any other documents. In case of funds, Wealth Discovery Securities Pvt Ltd shall require 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, < Wealth Discovery Securities Pvt Ltd shall require

demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.

Note* 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.

3. Wealth Discovery Securities Pvt Ltd shall analyze the documentary evidences, including the bank / demat statement; Wealth Discovery Securities Pvt Ltd shall record its observations for such identified transactions or Client(s) / Group of Client(s).
4. In case adverse observations are recorded, Wealth Discovery Securities Pvt Ltd shall report all such instances to the Exchange within 45 days of the alert generation.
5. In case of extension is required, Wealth Discovery Securities Pvt Ltd shall send a request to exchange for a period of extension.
6. If explanation on the same shall not satisfactory / reply shall not receive within time period as above mentioned then Wealth Discovery Securities Pvt Ltd suspend the client from trading / report the instance to Regulators (if suspicious).

To,
Client Name
Client Address

Sub.: Alert received from (Exchange Name) in respect of your trading during the period from _____ to _____.

Dear Sir,

With reference to above, please note that we have received following alert form the exchange in respect of your trading activity during the period from _____ to _____.

| Sr. No. | Date of Alert | Exchange | Alert Type |
|---------|---------------|----------|------------|
| | | | |
| | | | |

In this regard you are requested to clarify the following:

1. Basis of Investment
2. Objectives of Investment
3. Source of funds used for making the Investment
4. Whether such investment is based on any research report if so please provide the detail.
5. Reason for sudden increase in turnover
6. Whether you are related party to the Investee Company? If yes, please provide complete details of such relation.

Further you are requested to provide self attested copy of Bank Account Statement and Demat Account Transaction Statement for the period from _____ to _____ along with any other relevant document within seven days from the date of this letter.

Please note that your failure to submit reasonable explanation and required documentary evidence within above said time may lead to suspension of trading facility in your account.

Please do the needful and oblige.

Thanking you,

For Wealth Discovery Securities Pvt Ltd

(Compliance Officer)