

RAJGUL SECURITIES PVT LTD

Standard Operating Procedure for Processing Surveillance Alerts

1. Objective

Define the objective: To establish a structured process for handling surveillance alerts related to depository participant activities and Stock Broking activities. Ensure adherence to compliance standards and timely resolution of surveillance alerts.

2. Scope

Applicable to Surveillance alerts related to depository participants, Stock Broking activities flagged for potential anomalies, risks, or regulatory concerns covers employees responsible for surveillance, compliance, and decision-making.

3. Role and Responsibilities

- **Surveillance Team:** Responsible for monitoring and analysing alerts.
- **Compliance Team:** Ensures regulatory adherence and reviews escalated alerts.
- **IT Support:** Maintains and updates the surveillance system.
- **Senior Management:** Oversees the effectiveness of the surveillance pro

4. Alert Generation Parameters

- High-Value Transaction: Alerts for transactions exceeding a predefined threshold.
- Transaction in banned script: Transactions involving securities under banned script.
- Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced
- Simultaneous Changes in KYC and Demographic Details: When both KYC and personal details change in close proximity.
- High-Value Transactions Post-Demographic Change: Large transactions following recent updates to account information.
- Considerable Increase in Pledge Invocation: A significant rise in pledging securities within a short time.
- Review of reasons of off-market transfers provided by 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
- Considerable Increase in Pledge: Substantial growth in securities pledged by the account holder.
- Account Closed Shortly After Opening: Accounts closed soon after being established.

RAJGUL SECURITIES PVT LTD

- Off-Market Transfers Following Demographic Changes: Transfers post-changes in account information.
- Off-Market Transfers Around Lock-In Period for Preferential Allottees: Transfers occurring during sensitive lock-in periods.
- Multiple Demat Accounts with Common Contact Details: Multiple accounts linked by:
 - Mobile number
 - Bank details
 - PAN
 - Email address
- Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

5. Procedures for Processing Alerts

Alert Identification: Alerts are automatically generated by Depository or DP's internal systems based on predefined parameters.

Initial Review (Maker): The Maker verifies alert details and assesses severity (low, medium, high).

Investigation and Response: Conduct an initial investigation, potentially contacting the relevant account holders for verification.

Final Review (Checker): Checker validates the actions taken by the Maker and confirms closure or escalation of the alert as necessary.

Escalation Procedure

Specific escalation paths depend on alert type and severity, with contacts for

- Immediate Supervisors
- Compliance Officer

Time-lines for Response

Time-lines are as follows:

- Initial review within 24 hours
- Investigation and response within 3 business days
- Final closure within 7 business days or sooner if required

Periodic Review

Compliance Officer reviews the SOP and alert parameters quarterly to ensure compliance and operational effectiveness.

RAJGUL SECURITIES PVT LTD

Maker-Checker Mechanism

DP follows a Maker-Checker approach, with actions by the Maker validated by the Checker to ensure oversight and compliance

6. Resolution & Closure

Compliance Team documents findings and, if required, reports the case to regulatory authorities.

Closure of alerts is logged with appropriate remarks and supporting evidence.

7. Reporting & Record Keeping

- All alerts, actions taken, and resolutions are documented and stored securely.
- Periodic reports are generated for review by senior management.
- Regulatory reports are filed as per compliance requirements.

8. System Maintenance & Review

Regular updates and enhancements to alert parameters are conducted based on trends and regulatory changes. Periodic audits ensure the efficiency and effectiveness of the surveillance process.

9. Training & Awareness

- Regular training sessions for staff involved in surveillance activities.
- Awareness programs to keep employees informed of emerging risks and compliance updates.

10. Compliance & Regulatory Requirements

- Adherence to guidelines issued by regulatory bodies such as SEBI, RBI, relevant exchanges and Depository
- Periodic compliance audits and self-assessments.

11. Exception Handling

- Any deviations from the SOP must be documented and approved by senior management.
- Emergency measures can be implemented in case of system failures or significant security threats.