

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 NARESH SHARMA is implementing this surveillance policy applicable to all our clients.

Objective of this policy

- i. To establish a surveillance mechanisms and controls in the operations /trading activity of our 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 al Board of Directors of NARESH SHARMA 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 alongwith 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 Rahul Singhal Portfolio, maintenance of record and reporting of such activities.

Internal auditor of NARESH SHARMA 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

Our 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:

We 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 we shall require to:

1. We shall require explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
2. We shall require documentary evidence such as bank statement / demat transaction statement or any other documents .In case of funds, We 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, We shall require demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
3. We shall analyze the documentary evidences, including the bank / demat statement, We shall record its observations for such identified transactions or Client(s) / Group of Client(s).

4. In case adverse observations are recorded, We shall report all such instances to the Exchange within 45 days of the alert generation.
5. In case of extension is required, We 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 We suspend the client from trading / report the instance to Regulators (if suspicious).

Last Review Date – 01-JAN-2016