

THE FIRST CUSTODIAN FUND (INDIA) LTD.



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POLICIES AND PROCEDURES SURVEILLANCE POLICY

Applicability:

The policy is applicable to the stock broking operations.

The policy is framed in accordance with the provisions of SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/22 dated NSE/SURV/48818 dated 01.07.2021 01.03.2021

1. Surveillance Policy for Stock Broking:

NSE has provides few alerts based on predefined criteria through their portals. The details as below:

- Significantly increase in client activity
- Sudden trading activity in dormant account
- Clients / Group of Client(s) dealing in common scrips
- Clients / Group of Client(s) is concentrated in a few illiquid scrips
- Clients / Group of Client(s) dealing in scrip in minimum lot size
- Clients / Group of Client(s) Concentration in a scrip
- Circular Trading
- Pump and Dump
- Reversal of Trades
- Front Running
- Concentrated position in the Open Interest / High Turnover concentration
- Order book spoofing i.e. large orders away from market

As per applicable Circulars, the Company shall review these alerts and accordingly take appropriate actions after carrying out due diligence viz. either disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR) with FIU-India in accordance with provisions of PMLA (Maintenance of records) Rules,2005.

In addition to the abovementioned, the Company has framed formulate few Surveillance measure for effective implementation of the circular. The details are as below:

1. Trading activity in a single day by one client or group of clients who have contributed more than 25% in a single scrip or a single derivative contract.
2. A client or a group of clients who are either new client/ clients or who have reactivated their trading account after significant time gap and who have contributed more than 50% of the total trading volume of a single scrip or derivative contract in a single day.
3. Client or a group of clients dealing frequently in small quantities in a scrip.
4. Trading activity of a client found to be disproportionate considering a reported income range details or network.
5. A client who has submitted modification request for changes in his/her/its demographic details of address, email id, mobile number, bank details etc. at least twice in a month.

6. A client or a group of clients who have been found to have direct or indirect connection with a listed company and who have executed any transactions prior to any dissemination of any price sensitive information by such listed company.
7. A client or group of clients having more than 20% volume of any scrip listed in for 'information list' or 'current watch list.
8. A client or group of clients which persistently earn or incur high amount of loss through their trading activities or clients who appear to have executed trades with the objective of transfer of profits or losses.
9. A client who is holding more than 5% of paid up capital of a listed company and has pledged 100% of his/her/it's such holding for margin purpose and who has also significant trading volume in the same scrip which he/she/it holds.
10. In case of a client or a group of clients who have been identified as per any of the above 9 criteria and whose orders are placed through a dealing office which is far from such client's address as per his/her/its KYC.
11. A client having demat account with the Company and who has holding in a scrip of more than 5% of paid up capital of a listed company which has received the same shares through off-market transfer.
12. A client who has received shares of a listed company through multiple off-market transfer and has pledged such shares.
13. Identification of IP addresses of clients to identify multiple client codes trading from same IP address.
14. Clients who are connected with each other as per key KYC parameters of the clients as updated by respective client.
15. The stock broking operation shall review the alerts provided by Stock Exchanges on an ongoing basis and shall ensure to process the same as early as possible. In any case, these alerts will be processed within 45 days from the date of generation of the alert by the Stock Exchanges.
16. In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
17. The stock broking operation shall identify suspicious/ manipulative activities undertaken by any client through monitoring of order(s) and trade(s).
18. The stock broking operation of the Company shall evaluate whether any further action including suspension of the trading activity of the suspect client(s) required, accordingly the Company shall take any action and report to Stock Exchanges/SEBI/FIU and/or other Regulatory Authorities.
19. The stock broking operation shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2005, and Securities Contracts (Regulation) Rules, 1957 and any other directions as may be issued by SEBI/ Stock Exchanges from time to time.