



MADHUVAN SECURITIES PRIVATE LIMITED
Member of National Stock Exchange of India Limited
Member of National Securities Depository Limited
CIN: U67120GJ1995PTC024502
Regd. Office
82, Madhuvan, Opp. Hotel West End, Ellisbridge,
Ahmedabad-380 006
Tel : 079-68198992 Email : info@madhuvan.com

MADHUVAN SECURITIES PRIVATE LIMITED
SURVEILLANCE POLICY

BACKGROUND:

NSE circular No. NSE/SURV/48818 dated 1st July 2021 regarding advised to the Trading Member shall frame Surveillance Policy covering all such applicable business models/services they offer.

Further NSE circular No NSE/SURV/49765 vide dated September 29, 2021 regarding Surveillance Obligations for Quarterly submission by Trading Members.

SURVEILLANCE POLICY:

MADHUVAN SECURITIES PRIVATE LIMITED (MSPL) will develop mechanism in back office system for generate surveillance alert.

MADHUVAN SECURITIES PRIVATE LIMITED hereafter referred to as “MSPL” or “Trading Member”

The Policy covers following points;

- Generation of suitable surveillance alerts which may be guided by indicative themes (the list is inclusive and not exhaustive) given in Annexure –A as well as for transactional alerts downloaded by the exchange. (Transactional alerts downloaded by the exchange are based on some thresholds or parameters. MSPL may different thresholds or parameters so as to detect any suspicious trading activity.) MSPL as a Trading Member will closer supervision and are in possession of considerably more information about clients, MSPL may consider suitable parameters.
- Processing alerts within 45 days from the date of alerts downloaded by the exchanges as well as alerts generated at Member’s end.
- Documentation of reasons for any delay in disposition of any of the alerts.
- Suspicious / Manipulative activity identification.
- Framework of appropriate actions that can be taken by the MSPL (Trading Member). In addition to the obligations under Prevention of Money Laundering



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Act (PMLA), actions may include suspension of the trading activity of the suspect client, or any other action as may be deemed appropriate.

- Record Maintenance for the period as stipulated under applicable statutes.

CLIENT DUE DILIGENCE:

- MSPL will carry out the due diligence of client(s) on an ongoing basis.
- MSPL shall ensure that key UCC 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.
- MSPL shall establish groups/association amongst clients, inter alia, to identify multiple accounts/ common account/ group of clients.

PROCESSING OF ALERTS

- Trading Member shall obtain trading rationale and necessary documentation including bank statements; demat statements for analysing/ processing the alerts.
- After analyzing the documentary evidences, Trading Member shall record its observations for such identified transactions of its Client/ Group of Clients.
- With respect to the transactional alerts downloaded by the exchange, Trading member shall ensure that all alerts are analysed and status thereof (Verified & closed / verified & sent to Exchange) including action taken is updated within 45 days, in the Member Surveillance Dashboard.
- With respect to the alerts generated at the Trading Members end, Trading members shall report instances with adverse observation, along with details of action taken, to the exchange within 45 days of the alert generation.

OBLIGATION OF COMPLIANCE OFFICER, DESIGNATED DIRECTOR/ AND INTERNAL AUDITOR OF THE TRADING MEMBER

- The surveillance activities of trading member shall be conducted under overall supervision of its Compliance Officer.
- A quarterly MIS shall be put up to the Designated Director 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. Also, the



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Designated Director shall be apprised of any exception noticed during the disposition of alerts.

- Designated Directors would be responsible for all surveillance activities carried out by the Trading Member.
- Internal Auditor of trading member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal Audit shall record the observations with respect to the same in their report.

OBLIGATION OF QUARTERLY REPORTING OF STATUS OF THE ALERTS GENERATED BY THE TRADING MEMBER:

- Trading Members are also required to provide duly approved status of the alerts on a quarterly basis, in the following format to the exchange within 15 days from end of the quarter.

A. STATUS OF ALERTS GENERATED BY THE TRADING MEMBER:

Name of Alert	No. of alerts under process at the beginning of quarter	No. of new alerts generated in the quarter	No. of alerts verified & closed in the quarter	No. of alerts referred to Exchange (*)	No. of alerts pending / under process at the end of quarter

B. (*) DETAILS OF ALERTS REFERRED TO THE EXCHANGE:

Sr. No.	Date of Alert	Type of Alert	Brief observation and details of action taken	Date referred to Exchange



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**C. DETAILS OF ANY MAJOR SURVEILLANCE ACTION TAKEN
(OTHER THAN ALERTS REFERRED TO EXCHANGE), IF ANY,
DURING THE QUARTER:**

Sr. No.	Brief action taken during the quarter

- Trading Members who do not have anything to report, need to submit 'NIL Report' within 15 days from end of the quarter.
- The above details shall be uploaded by the trading members on the Member Surveillance Dashboard (MSD) within 15 days end of the quarter.
- The aforementioned quarterly system of reporting shall be effective from the quarter ending September 2021.

This Surveillance Policy approved by the Board of Directors of the Company in its meeting and the same has been reviewed by the Board on 9th April, 2024.

Date: 9th April, 2024

Place: Ahmedabad



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ANNEXURE – A

Indicative themes to generate additional Surveillance alerts

- Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the Market.
- Client/group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value/ percentage of total trading activity in a scrip / contract as compared to the market.
- Client/ group of clients dealing frequently in small quantities / minimum market lot in a scrip/contract.
- Disproportionate trading activity vs reported Income / Networth.
- Frequent changes in KYC submitted by clients.
- Based on announcement by a listed Company, Identify client/ group of clients, having possible direct/indirect connection with a listed company, who have undertaken by suspicious trading activity prior to price sensitive announcement by said listed company.
- Client/ group of clients having significant selling concentration, in the scrips, forming part of 'FOR INFORMATION LIST' or 'CURRENT WATCH LIST'. For more details, kindly refer Exchange circular no. NSE /INVG/45517 dated August 30, 2020
- Consistency in profit / loss at client / group of client's level, rational for such trading activities. In addition, trading members may also refer details given in Exchange circular no. NSE/INVG/2019/40175 dated February 07, 2019.
- Significant trading activity in scrips by client who has pledged the shares of same scrip.
- In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorised representatives and monitoring client's address as per KYC vis a vis dealing office address.
- Significant trading activity in scrips where client has pledged shares or has significant holding or has frequent off-market transactions.



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ANNEXURE –B

Transactional alerts downloaded by the exchange to facilitate effective surveillance at Member End

Sr. No.	Transactional 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) in concentrated in a few illiquid scrips	Cash
5	Cash Client(s) Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client(s) / Group of Client(s) Concentration in a Scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Reversal of Trades	Cash Derivatives
10	Front Running	Cash
11	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
12	Order book Spoofing i.e. large orders away from market	Cash