

ASIT C. MEHTA INVESTMENT INTERMEDIATES LIMITED'S

POLICY ON SURVEILLANCE ALERTS

(Reviewed on February 16, 2022)

BACKGROUND:

This policy is formulated to facilitate effective surveillance at our end. It stipulates surveillance process to be followed on receipt of transactional alerts from the Exchange and internal alerts.

REGULATORY ALERTS:

The transactional alerts will be downloaded from the regulatory websites (BSE E-BOSS, NSE transactional alerts and Member Surveillance Dash Board) on a periodic basis. The analysis of the same would be done within reasonable time (but in any event not exceeding 45 days of the alert generation), having regard to the client's updated details. Confirmation would be sought from clients, on a periodic basis, as to the respective client's data in our records. The status thereof (Verified & Closed / Verified & Sent to Exchange) including action taken will be updated within 45 days, in the System of respective Exchange. On receipt of an alert from the Exchange;

- (a) Explanation, in writing, shall be sought from the concerned client/group of clients for entering into the said transaction. The past track record of the client would be considered.
- (b) Required latest documentary evidence such as demat statement/ledger statement/bank statement would be compiled (not exceeding +/- 15 days from the date of transaction) would be sought and verified.
- (c) The observations on analysis of the alerts will be recorded
- (d) In case adverse observations are recorded, the same would be reported to the concerned Exchange along with details of action taken within 45 days of the alert generation.
- (e) In case there are no adverse observations, the alert would be closed after recording the reason for arriving at such conclusion.

In case there is a delay in receipt of information or delay in analysis of the transactional alerts beyond a period of 45 days from the date of the generation of the alert, extension of time would be sought from the Exchange concerned, giving due justification for request for such delay.

INTERNAL ALERTS:

When an alert is generated internally by ACMIIL, the same will also be processed within 45 days from the date of download of alerts and on its analysis; the transaction resulting in such alert appears to be suspicious,

- (a) Explanation, in writing, would be sought from the concerned client/group of clients for entering into the said transaction. The past track record of the client would be considered.
- (b) Required latest documentary evidence such as demat statement/ledger statement/bank statement would be compiled (not exceeding +/- 15 days from the date of transaction) would be sought and verified.
- (c) The observations on analysis of the alerts will be recorded.
- (d) In case adverse observations are recorded, a Suspicious Transaction Report will be filed with the FIU – India, within reasonable time of recording such observation. The same would also be reported to the concerned Exchange within 45 days of filing the Suspicious Transaction Report with the FIU.
- (e) In case there are no adverse observations, the alert would be closed after recording the reason for arriving at such conclusion.
- (f) In case of delay in disposition of internal alert, the reason for such delay will be recorded.

REPORTING AND REVIEW:

All action/analysis with respect the alerts generated will be completed and reported to the specified regulatory authorities within 15 days from the end of the quarter or such other periodicity as may be stipulated by the Regulatory Authorities.

A quarterly MIS shall be put up to the Designated Director as well as the Regulatory Authorities as may be specified from time to time 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. The report would also consist of any exceptions noticed during the disposal of alerts and suspicious transaction reports filed, if any.

The surveillance process would be conducted under the overall supervision of the Compliance Officer.

This policy is subject to review on a periodic basis to keep it in line with the market trends and is subject to approval by the Board of Directors. Any regulatory developments/directives which are issued prior to forthcoming review of this policy would be implemented within the time frame given in the directive and would be adopted by the Board of Directors subsequently.

RECORD MAINTENANCE:

The records and documentary evidences would be maintained in soft copy and would be available with the Compliance Officer for a period of 5 years.

The records shall be produced before exchanges or regulatory authorities as and when requested.

Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.

This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.

Note: The above guidelines are illustrative and not exhaustive. Based on circumstances and service offered to the clients and for proprietary trading, we will exercise independent judgement and formulate our own alerts and take appropriate actions thereof.