

# PROGRESSIVE SHARE BROKERS PVT. LTD.

122-124, Laxmi Plaza, Laxmi Industrial Estate, New Link Road, Andheri (W)- Mumbai – 400 053

| Tel: +91 22 40777500 | Fax: +91 22 26305357 |

Website: www.progressiveshares.com | CIN: U67120MH1994PTC176096

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## SURVEILLANCE POLICY

### Background:

Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair, abnormal or suspicious transactions that may violate securities related laws, rules and regulations, as amended time to time. It is a framework to generate surveillance / transactional alerts based on the various parameters put by the entity in conjunction with mandatory alerts provided by the Stock Exchanges through Circulars and updates to it from time to time to make the framework more effective. In order to achieve this and to create safer markets, the Trading Member should have in place adequate surveillance policies and systems in order to monitor suspicious/manipulative transactions to curb such activities, if any from time to time.

### SCOPE:

This Surveillance Policy is based upon the requirements of Stock Exchanges on Surveillance Alerts generated by Exchange & PROGRESSIVE Internal Surveillance system based on the business models / services offered by PROGRESSIVE for identifying suspicious trades, analysis of these alerts and methodology of reporting the alerts. This transaction alert is based on clientele being serviced from Institutional and Retail desk through various modes like Calls, third party chat medium, mobile based trading, internet based trading and other acceptable modes. This policy shall work in conjunction with PROGRESSIVE'S Prevention of Money Laundering Act (PMLA) policy.

### TRANSACTIONAL ALERTS PROVIDED BY EXCHANGE:

Stock Exchanges have developed a system wherein certain alerts are displayed which needs to be downloaded by the Trading Members. Following are the alerts mandated by the stock exchanges to analyse patterns and trends with respect to different alerts.

Sr. No	Transactional Alerts	Segment
1	Significant 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
12	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from market	Cash

In addition to above, monitoring of client Activity shall be conducted on the below mentioned themes.

### Client or a Group of Clients

- i. Trading activity in a scrip,

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- ii. Monitoring the orders to ensure that they are being placed by respective client or their authorized representatives
- iii. Monitoring client's address as per KYC vis a vis the dealing office address.

### **ANALYZING & MONITORING ALERTS:**

The alerts provided by exchanges shall be downloaded on daily/monthly/quarterly basis by the Surveillance Team and the Surveillance Team shall analyze the documentary evidences such as bank statement/ demat transactions statement or any such document as may be necessary

Based on the KYC and other available information the Surveillance Team shall establish group/association amongst clients to identify multiple accounts/common account/ group of client. Based on the in depth analysis of the trading activity of the Client(s) / Group of Client(s) or scripts identified and if such alerts found false positive and are not adverse in than in such case Surveillance Team should dispose such alerts along with their remarks for the same. The alerts which are found to be suspicious and which the Surveillance Team is of the opinion that the same shall be reported to the exchange shall be highlighted by Surveillance Team.

In case while analyzing such alerts if Surveillance Team finds such trading activity/alerts of the Client(S)/Group of Client(s) adverse than,

- a. Surveillance Team shall seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- b. The following documentary evidence along with explanation letter is required to be collected from each client whose transactional alerts have been received from exchanges and found suspicious by Surveillance team:
  - i. In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought.
  - ii. In case of securities, demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
  - iii. Any other documents which may be required to carry out due diligence/scrutiny on the alerts received from exchange

After analyzing the documentary evidences, including the bank / Demat statement, the Surveillance Team shall record their observations for such identified transactions or Client(s)/ Group of Client(s).

### **REPORTING:**

- a. The Surveillance Team shall report all such instances with adverse observations along with details of action taken to the Exchange within 45 days of the alert generation. In case any delay Surveillance Team should seek extension of the time period from the Exchange, wherever required.

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- b. Quarterly Reporting - The Surveillance Team shall report 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 exchange portal.

i. **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

ii. **(\*)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

iii. **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

- c. **'NIL Report'** shall be submitted within 15 days from end of the quarter, when there is nothing to report.
- d. A quarterly MIS shall be produced before the Board by the Surveillance Team, containing information 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 Board shall be apprised of any exception noticed during the disposition of alerts.

For the Alerts generated by Internal Surveillance system should be reported to Board only in case where it is found adverse/suspicious by Surveillance Team and on that necessary action taken by Surveillance Team.

### REVIEW

The Board may review the policy from time to time and amend the same as per the mandate of relevant Regulatory Authorities.

The policy shall be reviewed and amended from time to time to comply provisions of applicable Regulations issued thereon and Regulations /Circulars/Directions issued by the Stock Exchanges

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