

SURVEILLANCE POLICY
(Review Date: 03/03/2023)

Policy for Stock-Broker and Depository Participant:

Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Central Depository Services Limited (CDSL) vide its circular dated July 1, 2021 BSE Notice No 20210701-30, NSE Circular Ref. No.: 452/2021 and CDSL Circular dated July 15, 2021, Ref. No.: CDSL/OPS/DP/SYSTEM/2021/309 has directed the Trading Member / Depository Participant to frame a surveillance policy for effective monitoring the alerts based on trading / demat activity on the Exchanges / Depository as well as own alerts generated by the trading member / DP at their end based on their surveillance policy and suitable actions. Trading member / DP are directed to have proper mechanisms and to ensure that proper checks and balances are in control.

SCOPE:

The company shall implement the following policy: -

- A. Transactional Alerts to be provided by the exchange:** In order to facilitate effective surveillance mechanisms, the Company would download the below mentioned alerts based on the trading activities on the exchanges.

Sr.	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 (Pump-and-dump” involve the touting of a company’s stock (typically small, so-called “microcap” companies) through false and misleading statements to the marketplace.)	Cash
9	Wash Sales (A wash sale is trading activity in which shares of a security are sold at a loss and a substantially identical security is purchased)	Cash & Derivatives
10	Reversal of Trades	Cash & Derivatives

Wealthstreet Financial Services Private Limited

(Formerly known as Wealthstreet Advisors Private Limited)

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11	Front Running (Execution of orders in a security for its own account by the member while taking advantage of advance knowledge of orders from its customers)	Cash
12	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from market	Cash

B. Transactional Alerts generated by Trading Member : Further to effective monitoring the Trading activity of Clients, we have formulate system to generate following alerts:

1. 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.
2. 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.
3. Client / group of clients dealing frequently in small quantities / minimum market lot in a scrip / contract.
4. Disproportionate trading activity vs reported income / Net worth.
5. Frequent changes in KYC submitted by clients.
6. Based on an announcement by a listed company, identify client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
7. 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 notice no. 20200830-1 dated August 30, 2020.
8. Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities. In addition, trading members may also refer details given in Exchange notice no. 20190207-46 dated February 07, 2019.
9. Significant trading activity in scrips by client who has pledged the shares of same scrip.
10. In case of concerns of trading activity of a client / group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis-a-vis the dealing office address.

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11. Significant trading activity in scrips where client has pledged shares or has significant holding or has frequent off-market transactions.
12. Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location).

C. Transaction Alerts generated by Depository Participant : to effective monitoring the demat transactions of Clients, we have formulate system to generate following alerts:

1	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant.
2	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client.
6	Pledge transactions not commensurate with the income/Networth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account
8	Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients

Due Diligence:

The Company will carry out the Due Diligence of its client(s) on an on-going basis. Further, the company shall ensure that key KYC parameters are updated on a periodically basis and latest information of the client is updated in Unique Client Code (UCC) database of the Exchange / Depository. Based on this information the Company shall establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

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Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the company will carry out the following procedure:

1. To seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
2. To seek documentary evidence such as bank statement / demat transaction statement or any other documents as below:
 - 2.1. 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. 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.
 - 2.2. The period for such statements may be at least 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.
3. The Company shall review the alerts based upon:
 - 3.1 Type of the alerts provided by the exchange.
 - 3.2 Financial details of the clients
 - 3.3 Past Trading pattern of the clients/ client group
 - 3.4 Bank /Demat transaction details
 - 3.5 Other connected clients in UCC (common email/mobile number/address, other linkages, etc)
 - 3.6 Other publicly available information.
4. After analyzing the documentary evidences, including the bank / demat statement, the Company will record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Compliance Officer shall report all such instances to the Exchange within 45 days of the alert generation. The Company may seek extension of the time period from the Exchange, wherever required.

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Monitoring and reporting:

For effective monitoring, the Company;

1. Within 30 days of alert generation shall dispose off the alert, and any delay in disposition, reason for the same shall be documented.
2. In case of any Suspicious or any Manipulative activity is identified, the same will be mentioned in the Register to be maintained for the purpose and will be reported to the Stock Exchanges within 45 days of the alert generation.

2.1. The Company shall prepare quarterly MIS and shall put to the Board of Directors 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. Reasons for pendency shall be discussed and appropriate action shall be taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts. If quarterly MIS is Nil, then no need to put before the Board of Directors. The surveillance process shall be conducted under overall supervision of its Compliance and Principal Officer. Compliance and Principal Officer would be responsible for all surveillance activities carried out by the Company and for the record maintenance and reporting of such activities.

2.2 Internal auditor of the Company 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.

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