

JK Securities Private Limited

Version 2.2 (2024)

**SURVEILLANCE POLICY FOR STOCK BROKING AND
DEPOSITORY PARTICIPANT OPERATION**

Registered Office

Opp. People's Bank Park, Sardargunj Road, Anand 388 001 (Guj) INDIA.
Compliance Officer : +91 99789 14266, +91 2692 225005 info@jksecurities.com

1. Applicability

The Policy is applicable to the stock broking operations and depository participant operations of JK Securities Private Limited with effect from 01.10.2021. The Policy is approved in the meeting of Board of Directors of JK Securities Private Limited dated 05TH January, 2025.

The policy is framed in accordance with the provisions of SEBI circular no- SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/96 dated July 04, 2024, NSE Circular no- NSE/INVG/65921 dated December 31, 2024, BSE Circular no- 20241231-66 dated December 31, 2024, NCDEX circular no- NCDEX/SURVEILLANCE& INVESTIGATION/002/2025 dated January 02, 2025, MCX Circular no –MCX/S&I/006/2025 dated January 03,2025 and NSDL circular no NSDL/POLICY/2024/0146- Amendment in format of quarterly reporting status of the alerts generated by Depository Participants dated October 03, 2024.

2. Surveillance Policy for Stock Broking / Depository Operation:

2.1 . The Stock exchanges viz NSE, BSE, NCDEX & MCX and Depository are providing alerts based on predefined criteria to all the brokers/ depository participant including JK Securities Private Limited through their portals. As per THE applicable circulars JK Securities Private Limited is reviewing these alerts and taking appropriate actions after carrying out the due diligence viz. either disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR)with FIU- India in accordance with provision of PMLA rule 2005.

2.2 In addition to the same, JK Securities Private Limited has framed its surveillance policy to generate transactional alerts based on the criteria/red flag indicator provided by the exchange/depository from time to time, which will further be reviewed and necessary action be taken .

2.3 Indicative theme on which alert will be generated are as follows:-

- 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/ fund pay in- payout vs reported income / Net worth
- Frequent changes in KYC submitted by clients
- Based on an announcement by a listed company, Client / group of clients, having possible direct / indirect connection with a listed company, undertake any 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'.
- . Consistency in profit / loss at client / group of clients' levels
- Significant trading activity in scrips by client who has pledged the shares of same scrip.
- Trading activities of accounts of relatives of entity to identify any sort of synchronized / coordinated trading.
- Multiple client codes trading from the same location /IP Address
- clients/ related group of clients dealing in illiquid share near the price band in small quantities
- Repeated failures to deliver securities for pay-in in illiquid items

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Transactional alert generation of DP Operation

NSDL is providing transactional alert on fortnightly basis based on the threshold defined by the depository. As per the applicable communiqué our team is reviewing these alerts and taking appropriate action after carrying out due diligence viz either disposing of alert with appropriate reason or filing STR with FIU india as per provision of PMLA rule 2005. In addition to this JK Securities has framed its surveillance policy to generate alert based on following criterias:

- Multiple demat accounts opened with same PAN/ mobile number/ email id/ address/bank account details. While reviewing the details of existing accounts be also considered
- Email/letter sent to client on registered email id get bounced repeatedly
- Frequent changes done in KYC details
- Off market transfer of securities frequently without any genuine reason/ non commensurate with declared income/net worth
- Pledge transaction not commensurate with declared income/networth
- High value of off- market transfer immediately after the modification of address/email id/mobile without any genuine reason including frequent off market transfer under the reason gift/donation to unrelated parties or with reason code off market sell.

The alert so generated will be reviewed and ensured to process it as early as possible and not later than 30 days.

In case of delay in disposing of alert, the reason of same is recorded . In case of any suspicious activities/alert found, STR will be filled with FIU india, record of same is maintained as per extant PMLA rule

3. Process of disposal of alerts and action to be taken:

The designated officials who are tasked to review the alerts shall review the same on an ongoing basis and shall ensure to process the same as early as possible. In any case these alerts will be processed within 30 days from the date of generation of the alerts by the stock exchanges/depository.



If the designated official finds after review and due diligence that the alert is required to be closed, the official shall close the same with appropriate remarks. If the designated official finds necessary to come to a conclusion that the alert warrants an action, the official will forward the same with his/her views to the compliance officer for his/her approval.

The compliance officer after review of the alert along with the submitted comments of the designated official, decides to close the alert after noting his remark. If the compliance officer find that action in respect of such alert is warranted, he/she shall take such action including filing STR with FIU –India, informing to the stock exchanges and depository and/or discontinue relationship with client. When assessing suspicious trading activities various factors as mentioned in exchange circular are considered.

Further it will be ensured that the information on alert generated and transactions under scrutiny be not passed to the investor unless it is mandated by the Regulator.

The report of such instances along with adverse observations and details of actions taken shall be submitted to the stock exchanges/depository within 7 days from the date of identification of such instance. In case of detection of any suspicious activity information along with details to be communicated to exchange within 48 hours of such detection in manner as informed by exchange/board. In case where no such instance is detected, NIL report will be submitted to exchange on half yearly basis. In case of any delay in disposing of any alerts, reasons for the same will be recorded.

The designated official shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2005 and Securities Contracts Regulation) Rule 1957 and any other directions as may be issued by SEBI/Stock Exchanges/ Depository from time to time.



4. Internal controls put as per Exchange guideline

- All Proprietary operation will be regularly monitored and report to be submitted to Board of Director once in a year
- Trading terminals be allotted to/used by employees/authorized person only and will be placed at the location approved by the stock exchange
- All concerned employees/authorized person to follow the standard operating procedure decided by the Company for on-boarding clients & trade execution
- Any employee having knowledge of fraud, market abuse or suspicious activity will inform the same to senior management
- For monitoring potential fraud or market abuse we will surveil clients/relative of clients, employee, authorized person, CEO/MD,KMP & Promoters as per the accountability matrix fixed from time to time.

5. Escalation and reporting mechanisms

The compliance officer shall review the compliance with the provisions of the framework under this chapter of these regulations once in a quarter and shall after analyzing data put a report before the Board of Directors about adequacy and efficiency of the system.

A Quarterly MIS shall be put up by the compliance officer to the Board giving the details of number of alerts generated during the quarter, number of alerts closed, number of alerts on which action taken with details of action taken and number of alerts pending at the end of the quarter along with reasons for pendency and action plan for closure.

Additionally any deviation in adherence to internal control, risk management policy, surveillance policy, policy for on boarding of clients along with the proposed



corrective actions for such deviation shall be placed before the Board of Directors at regular intervals as also reported to the stock exchanges.

The Board as well as the designated directors shall be apprised of any exception noticed during the disposal of the alerts.

The designated director shall be responsible for all surveillance activities carried out by the trading member

JK Securities Private Limited shall submit its surveillance policy to the internal auditor for review and shall satisfy the queries /questions if any, raised by the internal auditor with respect to the implementation of the surveillance policy, its effectiveness and the alerts generated.

Reporting of status of the alerts generated by the trading member or received from the exchanges

A quarterly statement providing duly approved status of alerts on quarterly basis shall be submitted to NSE, BSE,MCX and NCDEX in the following format within 15 days after the end of the quarter

Type of Alert	At the beginning of the quarter	Received / Generated during the quarter	Closed during the quarter	Pending at end of the quarter	No. of Exception Cases observed

A quarterly statement of duly approved status of alerts on quarterly basis shall be submitted to the NSDL in the following format within 15 days after the end of the quarter.



Name of Alert [A]	No. of alerts pending at beginning of quarter [B]	No. of new alerts generated during the quarter [C]	No. of alerts Verified & closed in the quarter [D]	No. of alerts reported to Depository [E]	No. of alerts pending for process at the end of quarter (If any) [F] = [B+C] - [D+E]	Ageing analysis of the alerts pending at the end of the Quarter (since alert generation date) (Segregation of F column)					Reason for pendency
						< 1 month	1-2 months	2-3 months	3-6 months	> 6 months	

In case of nothing to report, need to submit NIL report.

The Principal officer/ Compliance Officer/Chief Surveillance officer will decide the threshold for generation of various alerts in co-ordination with designated director and documented rational and review report shall be submitted to the Board of Directors once in a year.

Further deviation to internal control, risk management, surveillance, client boarding policies shall be reviewed regularly and findings are put before Board of Directors along with details of proposed corrective actions. As also same is reported to stock exchanges.




6. Obligation for Surveillance Activities:-

Designated director will remain responsible for all surveillance activities. Internal auditor shall review the surveillance policy, its implementation and alert generation system and record their observation in report

7. Access to department and sharing of information

Surveillance being the critical activity, access to department and information on Surveillance be restricted to authorized staff only.

8. Whistle Blower Policy: -

Objective:

At JK securities we are committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

For any unlawful conduct, financial malpractice violations of regulatory or legal requirements, non-compliance of laid down system and procedures, wrong-doing, misconduct, irregularities, governance weaknesses,, any breach or potential breach of Business Principles, JKSPIL encourages its employees to raise concerns about the suspected misconduct, to come forward and express these concerns without fear of punishment or unfair treatment.

Scope:

The Whistle Blower Policy applies to all employees of JKSPIL and Authorised Persons . To disseminate among and encourage all staffs/Directors/Authorised Persons of the Company to report suspected or actual occurrence of illegal, unethical or inappropriate actions. At the same time to assure confidentiality of identity as well as safeguards and protection to staffs/Directors/ Authorised Persons who raise/report instances of illegal, unethical or inappropriate business practices/behavior observed in the Company.



For Raising concerns – whom to contact

The whistle blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct should be reported in the following manner:

If any fraud is suspected, intimation can be sent to the Whistle Blower Redrassal head through email or through physical letter'

Contact details of Whistle Blower Redrassal head :

Mr. Manish N Shah

Compliance Officer

Opp. People's Bank Park, Sardargunj Road, Anand-388001.

Email: manish@jksecurities.com

Contact no. 9978914266

JKSPL offers a facility where a person can send an e-mail to the In-charge Whistle Blower Redrassal head

Timing

The earlier a concern is expressed, the easier the concern to resolve /action taken

Evidence

Although the whistle blower is not expected to prove the truthfulness of an allegation, the Whistle Blower needs to demonstrate to the person contacted that there are sufficient grounds for concern or not .

How the Complaint Will Be Handled

The action/resolution will depend on the nature of the concern. The Board of Directors receives a report on each complaint and a follow-up report on actions taken.



Initial Inquiries

Initial inquiries will be made to determine whether an investigation is appropriate and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation and for some concerns further information can also be asked.

Protection

No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. JKSP, as a policy, criticize any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like threat or of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion .

The Policy is approved in the meeting of Board of Directors of JK Securities Private Limited dated 05TH January, 2025.

Review policy :

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

Policy communication:

A copy of this policy shall be made available to all the relevant staff.

For JK Securities Private Limited,



Pranav Kiranbhai Patel

Managing Director

