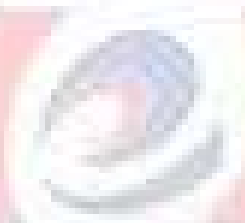


SURVEILLANCE POLICY

Date of Reviewed- 2nd July 2024

(ELITE WEALTH LIMITED)



Elite Wealth

SURVEILLANCE POLICY OF ELITE WEALTH LIMITED

The company has laid down policy guidelines which have been framed in the light of National Stock Exchange (NSE) Circular No. : 831/2013 Ref. No. : NSE/INVG/22908 dated March 7, 2013, (BSE) Notice No. 20130307-21 dated 07 Mar 2013, MCX Circular No. MCX/S&I/380/2016 dated November 03, 2016, and NCDEX Circular No. NCDEX/SURVEILLANCE & INVESTIGATION-081/2020 dated October 26, 2020 and further as per Circulars issued by the Exchanges from time to time In pursuance of above said circular Elite Wealth Limited is implementing this surveillance policy applicable to all clients of Elite Wealth Limited.

Objective of this policy

- i. To establish a surveillance mechanisms and controls in the operations /trading activity of clients.
- ii. To put in place appropriate controls for the detection and reporting of suspicious trading activities in accordance with applicable laws/laid down procedures.
- iii. To comply with applicable laws and regulatory guidelines.

Duties and Responsibilities

This Surveillance policy is approved by the Board of Directors of Elite Wealth Limited and a quarterly MIS shall be put up to the Board 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. Further, reasons for pendency along with appropriate action taken to resolve them shall be discussed.

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

The Compliance officer shall be the responsible for all surveillance activities carried out by Elite Wealth Limited, maintenance of record and reporting of such activities.

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

Transaction Alerts

Compliance Team shall download all the below mentioned alert based on the trading activity of client provided by the exchange vide Circular mentioned above.

| S. No. | Transaction 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) 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 |
| 23 | Concentrated position in the Open Interest / High Turnover concentration | Derivatives |
| 13 | Order book spoofing i.e. large orders away from | Cash |

The Compliance Officer in consultation with the Chief Financial Officer may change the above referred indicative identification criteria from time to time.

Obligation to generate additional Surveillance alerts:

It is reiterated that in addition to the transactional alerts downloaded by Exchanges, there is a requirement to generate Surveillance alerts at our end.

The indicative themes on which we may formulate our own alerts are as under-

- 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 / Net worth.
- Frequent changes in KYC submitted by clients.
- 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.
- 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, rationale for such trading activities.
- 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 authorized representatives and monitoring client's address as per KYC vis a vis the dealing office address.

The indicative themes additionally applicable to Trading Members who are Depository Participants.

- Significant trading activity in scrips where client has pledged shares or has significant holding or has frequent off-market transactions.

The indicative themes additionally applicable to Trading Members who have facility of internet-based trading.

- Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)

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

Clients Due Diligence

Compliance Team shall carry out the Due Diligence of client(s) on a continuous basis and shall update all the KYC parameters as prescribed by SEBI and latest information of the client in Unique Client Code (UCC) database of the Exchange. Based on available information, we should establish groups / association amongst clients, inter alia, to identify multiple accounts/common account/group of clients.

Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the compliance team:-

1. Shall obtain trading rationale and necessary documentation including bank statements, demat statements for analysing / processing the alerts.
Note* 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.
2. After analyzing the documentary evidences, we shall record observations for such identified transactions of the Client / Group of Clients.
3. With respect to the transactional alerts downloaded by the Exchange, we shall ensure that all alerts are analyzed and status thereof (Verified & Closed / Verified & Sent to Exchange) including action taken is updated within 45 days, in the Member Surveillance Dashboard.
4. With respect to the alerts generated at our end, we shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.
5. In case Client's explanation on the same is not satisfactory / reply not received within time period as above mentioned, suspend the concerned client / group of clients from trading and shall report the instance to Regulators.

Obligation of Quarterly reporting of status of the alerts generated by the Elite Wealth Limited:

- We 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 |
|---------|---------------|---------------|---|---------------------------|
| | | | | |

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 |
|---------|---------------------------------------|
| | |

FORMAT OF LETTER SENT TO THE CLIENTS FOR THEIR CLARIFICATION

To,
Client Name
Client Address

Sub.: Alert received from (Exchange Name) in respect of your trading during the period from _____ to_____.

Dear Sir,

With reference to above, please note that we have received following alert from the exchange in respect of your trading activity during the period from_____to_____.

| Sr. No. | Date of Alert | Exchange | Alert Type |
|---------|---------------|----------|------------|
| | | | |
| | | | |

In this regard you are requested to clarify the following:

1. Basis of Investment
2. Objectives of Investment
3. Source of funds used for making the Investment
4. Whether such investment is based on any research report if so please provide the detail.
5. Reason for sudden increase in turnover
6. Whether you are related party to the Investee company? If yes, please provide complete details of such relation.

Further you are requested to provide self attested copy of Bank Account Statement and Demat Account Transaction Statement for the period from_____to_____along with any other relevant document within seven days from the date of this letter.

Please note that your failure to submit reasonable explanation and required documentary evidence within above said time may lead to suspension of trading facility in your account.

Please do the needful and oblige.

Thanking you,

For Elite Wealth Limited

Compliance Officer