



## **SURVEILLANCE POLICY**

### **Scrip-wise Surveillance**

#### **A. Online Surveillance.**

1. The surveillance team monitors the online trades as they are executed, and extra ordinary volume in the particular scrip or client is immediately brought under its scanner. The surveillance team shall conduct investigation by calling up the sub broker / branch, for the details of clients. The track record of the Client, his previous purchase or sales transactions are also looked into, by verification of Ledger / Financial Statements.
2. "RELIABLE STOCKS" have allocated group limit for A, B1, B2, T, TS and Z group. The Surveillance Team gives limit in a very conservative manner, especially, illiquid scrips. Trading in such scrips are discouraged and allowed on a case to case basis, based on the level of confidence in the client. Any limit accretion requests are first investigated and upon being satisfied with the bonafide of the trade as well as the client, limits are accordingly increased.
3. Since the same staffs are monitoring the trades daily, any pattern in trading / limit enhancement is reported once a week to the Compliance Officer, for further investigation

#### **B. Offline Surveillance**

1. Unusually large volume is checked, especially if the client has incurred a loss, or made unusually high profits.

2. Where volumes are unusually high, they are compared with the total volume in the Exchange for the day in that particular scrip, and such reporting is done to the Compliance Officer.
3. After due investigation (which normally takes two weeks), Surveillance Team reports to the Compliance Officer its finding and thereafter such scrip is disabled for trading for that client / branch and in some cases on the whole network.

### **Client-wise Surveillance**

1. All the clients who have traded in the scrip, where there is unusual volume vis-a- vis average volume, are scrutinized for their other scrip dealings.
2. Looking at the general quality of scrips that they are dealing in, Surveillance Manager reports to the Managing Director / Compliance Officer, for further action as to whether to continue to deal as a broker for that client or not.
3. The back office software does have a module which tracks offline, the intra-day loss of all clients. The Surveillance Team prepares & scrutinizes the statement to look at any unnatural volumes, in scrips without delivery.

### **Monitoring & Reporting**

The Surveillance team shall keep track of alerts generated and also received from the Exchange end, on a real time basis. The alerts generated / received are documented and recorded in a register, for review and analysis. The time frame for disposition of alerts is 15 days from the date of receipt of the alert. Any delay in disposition of alerts shall be recorded, with reasons for the same. Any suspicious / manipulative activity shall be immediately brought to the notice of the Compliance officer / Managing Director. In case adverse observations are recorded, then Surveillance Department shall report such instances to the Exchange / authorities within 45 days, of the alert generation.

The Surveillance department shall also 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. The board shall also be apprised of the any exception noticed during the disposition of alerts.

The surveillance process shall be conducted under the overall supervision of the Compliance Officer. The designated directors / compliance officers would be responsible for all surveillance

activities and for record maintenance and reporting of such activities. The Internal Auditor shall review the surveillance Policy, its implementation, effectiveness and review the alerts generated during the period of audit.

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