



Member : BSE, NSE, NSE F & O & CDSIL

Surveillance policy 2023

Saurashtra Capital Services Pvt. Ltd. (SCSPL)

Surveillance Actions:

i) Refusal of order for penny stocks / illiquid contracts:

SCSPL may refuse or restrict a client in placing the order in certain securities depending on various conditions like volume / value / part of illiquid scrip's / Z group of securities although a client may have credit balance or sufficient margin in the trading account. List of such scrip's will be reviewed on a periodical basis and will be updated on SCSPL website. However SCSPL under exceptional circumstances may execute clientele order. SCSPL has the discretion to reject execution of such orders based on its risk perception.

In case of F & O segment, all the far Month Option contracts and third Month Option Contract (Except Nifty) will not have buy and sell limit due to its illiquid nature, However in all above cases if client still wish to trade then the client needs to coordinate with the respective branch and the limit will be set by Head Office after analyzing the requirement.

ii) Regulatory conditions under which a client may not be allowed to take further position or SCSPL may close the existing position of the client:

In case overall position in a scrip / derivatives contract has reached the Regulators prescribed Exchange limit / Market wide open interest limit / Client level limit, then client may not be allowed to take further positions, till such time Regulators prescribed limit comes down to create a new position.

Further SCSPL may close the existing position of a client to the extent of debit balances to release the margin from the Exchange. In case if SCSPL has sufficient margin cover on behalf of its clients, it may still decide based on the market conditions and risk perception not to allow further position or may close the existing position of a client.

iii) PMLA Guidelines:

Client will be categorized as High, Medium and Low risk customer as per their risk appetite and their current profile as mentioned in Know your client form (KYC). The same will be reviewed at regular intervals.

Exposure to client may also be governed by customer profiling mentioned above as well as clients financial income made available to SCSPL from time to time. Client needs to furnish their income details on yearly basis.

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Following documents will be accepted as a income proof

- Copy of ITR Acknowledgement
- Copy of Annual Accounts
- Copy of Form 16 in case of salary income
- Net worth certificate
- Salary Slip
- Bank account statement for last 6 months
- Copy of demat account Holding statement.
- Any other relevant documents substantiating ownership of assets.

If there is a major disparity between financial details and trading volumes, client will be asked to furnish suitable explanation and based on the same further trading limits will be sanctioned.

iv) Suspension of Clients:

SCSPL may withhold the payout of client and suspend his trading account due to any internal surveillance (if client indulges into manipulative trade practice) / regulatory orders (debaring orders) / if the client is dormant (not traded > 6 months).

(*) Detailed dormant account policy is separately prepared and is available in client login

Policy for Surveillance Obligations for Trading Members

1) Transactional Alerts checked closely are as follows:

Significant increase in client activity

Sudden trading activity in dormant account

Clients/Group of Client(s), dealing in common scrips

Client(s)/Group of Client(s) concentrated in a few illiquid scrips

Client(s)/Group of Client(s) dealing in scrip in minimum lot size

Client / Group of Client(s) Concentration in a scrip

Circular Trading

Pump and Dump

Wash Sales

Reversal of Trades

Front Running

Concentrated position in the Open Interest / High Turnover concentration

Order book spoofing i.e., large orders away from market

2) Client(s) Information:

SCSPL carries out the Due Diligence of its client(s) on a continuous basis. Further, SCSPL ensures that key KYC parameters are updated on a continuous basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information SCSPL establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

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3) Analysis: In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, SCSPL will review the alerts based on;

- a. Type of alert downloaded by the Exchange
- b. Financial details of the client
- c. Past Trading pattern of the clients/ client group
- d. Bank/Demat transaction details(The period for such statements may be at least +/- 15 days from the date of transactions)
- e. Other connected clients in UCC (common email/ mobile number/ address, other linkages, etc.)
- f. Other publicly available information

Note: In case of any adverse findings / comments, the Trading Member shall send its comments to the Exchange within 45 days of the alert generation. The Trading Member may seek extension of the time period from the Exchange, wherever required. Time frame for disposition of alerts will be 30 days from the date of Alert generated at members end & a separate log book will be maintained for the same.

Communication

Client can view details of his ledger, margin, shortfall etc through his secured login on SCSPL website. The client has to be aware about his position, outstanding balance and Risk. SCSPL is under no legal obligation to send any separate communication but as a customer centric company we may take extra efforts generally to ensure that client is well informed about the Risk and the possible actions, which may follow. The communication would generally be through SMS / Email on registered contact details with SCSPL.

Disclaimer

SCSPL Management will have a discretion to alter/change any of Exposure limit , selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis.

Thanks and Regards,

Saurashtra Capital Services Pvt. Ltd.

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