

MOHANLAL HEMCHAND PVT LTD.

POLICY ON SURVEILLANCE OF TRANSACTION ALERTS

Objective: Surveillance function helps in achieving objectives of:

- Maintaining integrity of the market
- Monitoring and identifying suspicious/manipulative transactions
- Curbing suspicious/manipulative activities at nascent stage
- Minimizing business risk through better profiling of clients and transactions.

Background: Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair transactions that may violate securities related laws, rules and regulations. In order to achieve this and to create safer markets, the Trading Members should have in place adequate surveillance policies and system in order to monitor suspicious/manipulative transactions and curb such activities, if any. Scope of the Policy: The policy covers the various surveillance alerts generated / received from the exchange for identifying suspicious trades, analysis of these alerts, methodology of reporting the alerts to the exchange/ FIU.

Reference Circulars:

BSE circular 20130220-21 dated 20th February, 2013

BSE circular 20130307-21 dated 7th March, 2013

Types of Surveillance alerts: Alerts received from exchange

BSE Ltd shares surveillance alerts for the trading done by the clients which needs to be downloaded by the Trading Members for detailed analysis. Following are the alerts which shall be provided by exchange:

- 1 Significant increase in client activity Cash
- 2 Sudden trading activity in dormant account Cash
- 3 Clients/Group of Client(s), dealing in common scrip's Cash
- 4 Client(s)/Group of Client(s) concentrated in a few illiquid scrip's 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
- 12 Order book spoofing i.e. large orders away from market Cash

As the Firm has a very low client base and 99% of clients are long term clients working only on delivery basis, it is very easy to monitor the client activities as all trades are executed from registered office only. However, in case of any of the alerts generated by BSE Ltd, the Compliance Officer shall inform to the concerned client / group of clients regarding regulation / non regulation Alert on the same day and will

send email to client / group of clients seeking explanation/clarification for the respective trades for which alerts were generated by e-BOSS.

The Compliance Officer shall observe the genuineness of the transaction by demanding bank statement / demat statement for a period of 15 days prior to the transactions. In case of adverse observations, Compliance Officer shall report all such transactions to BSE within 45 days of alert generation along with the clarification sought from clients. The CO shall also present the records to the Internal Auditor.

The log book will be maintained for the regulatory Alert as under:-

Date Name of the Client Ucc Code Sr.no. of Alert Inform to Client Observation Int. Aud Remark

Compliance Officer to prepare a quarterly MIS (in case of alerts generated) indicating number of alerts pending at the beginning of the quarter, alerts generated during the quarter, disposed off during the quarter and pending at the end of the quarter and submit the same to Internal Auditor.

The Company shall carry out surveillance and review the alerts based upon:

- a. Type of the alerts downloaded by the exchange
- b. Financial details of the clients
- c. Past Trading pattern of the clients/ client group
- d. Bank /Demat transaction details
- e. Other connected clients in UCC (common email/mobile number/address, other linkages, etc)
- f. Other publicly available information.