



RIDHI SHARE BROKERS PRIVATE LIMITED

Regd. Office: A-40 A, Bajaj Nagar, Opposite Gandhi Nagar Railway Station, Jaipur-302015 (Rajasthan)

Ph: +91-7300081118, Email: rsbpl72@yahoo.co.in, CIN: U67120RJ2007PTC025461

Surveillance Policy

1. Introduction

Ridhi Share Brokers Private Limited ("RSBPL") is committed to maintaining the highest standards of market integrity and investor protection. This detailed Stock Broker Surveillance Policy has been updated to incorporate the latest regulatory requirements, best practices, and technological advancements to ensure comprehensive and effective surveillance of all trading activities. This policy reflects RSBPL's commitment to preventing, detecting, and reporting market abuse and ensuring compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Stock Exchanges, and other regulatory bodies, including the SEBI Master Circular on Surveillance of Securities Market dated July 09, 2024, and SEBI (Stock Brokers) (Amendment) Regulations, 2024 effective June 27, 2024.

2. Objectives

The primary objectives of this policy are to:

- Establish a robust and comprehensive surveillance mechanism to monitor all trading activities and identify potential instances of market abuse.
- Prevent and detect fraudulent and manipulative trading practices, including insider trading, price manipulation, and front-running.
- Ensure timely reporting of suspicious activities to the stock exchanges and other regulatory authorities.
- Safeguard the interests of investors and maintain market integrity.
- Comply with all applicable laws, regulations, and guidelines issued by SEBI, Stock Exchanges, and other regulatory bodies.
- Foster a culture of compliance and ethical behavior within RSBPL.
- Implement a documented whistleblower policy for confidential reporting of fraudulent or unethical practices.



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3. Scope and Applicability

This policy applies to all trading activities conducted by Ridhi Share Brokers Private Limited, its clients, employees, authorized persons, and any other individuals or entities associated with RSBPL across all segments of the exchanges where RSBPL is a member broker, including but not limited to:

- Equity Cash Segment
- Equity Derivatives Segment (Futures and Options)

4. Roles and Responsibilities

Effective implementation of this policy relies on the clear delineation of roles and responsibilities:

- Board of Directors/Audit Committee: Responsible for the overall oversight of the surveillance policy and its implementation, periodic review of the effectiveness of the surveillance mechanism, and ensuring adequate resources are allocated for effective surveillance.
- Compliance Officer: Responsible for the implementation, administration, and monitoring of the surveillance policy, including analyzing, investigating, and reporting suspicious activities.
- Designated Director (as per PMLA): Plays a key role in ensuring compliance with PMLA regulations.
- Risk Management Team: Assists the Compliance Officer in identifying and assessing risks associated with trading activities.
- PRINCIPAL Officer: Responsible for ensuring compliance with the Prevention of Money Laundering Act (PMLA) and reporting suspicious transactions.
- Internal Auditor: Conducts independent reviews of the surveillance policy and its implementation to assess its effectiveness.
- All Employees: Expected to understand and comply with the surveillance policy and report any suspicious activities observed.



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5. Detailed Surveillance Framework and Alert Generation

RSBPL employs a multi-layered surveillance framework that combines exchange-provided alerts and in-house monitoring systems to detect potential market abuse.

a. Exchange-Provided Surveillance Alerts

RSBPL monitors alerts generated by the stock exchanges based on pre-defined parameters and criteria, including but not limited to:

- **Unusual Trading Activity:** Alerts triggered by abnormal price or volume movements in specific securities.
- **Concentration/Sudden Activity in Illiquid Scripts:** Monitoring of trading patterns in illiquid securities to detect potential manipulation.
- **Wash Sales or Reversal of Trades:** Identification of transactions where the same individual or entity is involved in buying and selling the same security to create artificial volume.
- **Circular Trading:** Monitoring for patterns of trades among related parties that can artificially inflate trading volume.
- **Concentrated Position in Open Interest/High Turnover Concentration:** Detecting situations where a client or group of clients holds a significant position in a specific security or contract.
- **Order Book Spoofing (Large Orders Away from Market):** Identification of large orders placed far from the current market price with the intention to manipulate prices or create a false impression of demand or supply.
- **Large Trades (Quantity):** Monitoring of large individual or aggregated trades to identify potential market abuse.
- **Graded Surveillance Measures (GSM) and Additional Surveillance Measures (ASM):** Monitoring of securities placed under GSM or ASM frameworks.
- **Unsolicited Messages (SMS Stocks):** Monitoring for suspicious promotional messages sent to clients regarding specific securities.



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- **NSE Order to Trade Ratio (OTR) Monitoring:** Ensuring compliance with NSE regulations on OTR. notes www.nseindia.com
- **Algo Tagging Compliance:** Monitoring for compliance with regulations regarding the tagging of algorithmic trades.

b. In-House Surveillance Alerts

RSBPL's internal surveillance systems generate alerts based on specific parameters and thresholds, including but not limited to:

- **Delivery-Based Transactions:** Alerts based on delivery patterns and potential manipulation.
- **Cash Excess Volume (Equity Segment):** Monitoring of trading volume in the equity cash segment that exceeds predefined thresholds.
- **F&O Profit/Loss & Futures Rate Fluctuation (Equity Derivatives):** Alerts triggered by significant profit/loss or price fluctuations in equity derivative contracts.
- **F&O Excess Volume (Equity Derivatives):** Monitoring of trading volume in equity and commodity derivative contracts that exceeds predefined thresholds.
- **Matching of Trades – All Segments (Equities):** Identifying potential instances of matching trades across different segments.
- **Unsolicited Messages (SMS Stocks):** Monitoring for internal messages regarding specific securities that may indicate potential manipulation.
- **Module of Online Trade Matching Popup:** Monitoring for any discrepancies in the online trade matching process.
- **Module of Online Delivery Tracker:** Monitoring for any discrepancies in the online delivery tracking process.
- **Review of Scripts Blocked/Refrained from Trading:** Reviewing the list of securities that have been blocked or refrained from trading.



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6. Client Due Diligence (CDD) and Enhanced Due Diligence (EDD)

RSBPL conducts thorough Client Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedures to identify and mitigate risks associated with clients. This includes:

- **KYC Verification:** Ensuring compliance with KYC norms and periodically updating client information.
- **Risk Categorization:** Classifying clients based on their risk profiles.
- **Transaction Monitoring:** Monitoring client transactions for unusual or suspicious patterns.
- **Periodic Review of Client Accounts:** Conducting periodic reviews of client accounts, particularly those identified as high-risk.
- **Ongoing Monitoring of Client Activity:** Continuously monitoring client activity for any signs of market abuse.
- **Seeking Explanations and Documentation:** Requesting explanations and supporting documentation from clients when suspicious activities are detected.

7. Reporting and Escalation Procedures

RSBPL has established clear reporting and escalation procedures for handling alerts generated by the surveillance system:

- **Initial Review and Analysis:** Alerts are reviewed by the Compliance Officer and the Risk Management Team to determine if they indicate potential market abuse.
- **Investigation of Suspicious Activities:** Thorough investigations are conducted for alerts that raise concerns.
- **Reporting to Stock Exchanges and Regulatory Authorities:** Suspicious activities are reported to the stock exchanges and other regulatory authorities as per applicable regulations.
- **Internal Reporting to Senior Management:** Regular reporting on the surveillance system's performance and any significant findings is provided to senior management and the Board of Directors/Audit Committee.



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- **Implementation of Remedial Actions:** Appropriate remedial actions are taken to address any deficiencies identified in the surveillance system.

8. Controls and Oversight

RSBPL has implemented various controls and oversight mechanisms to ensure the effectiveness of the surveillance system:

- **Segregation of Duties:** Ensuring appropriate segregation of duties to minimize the risk of fraud and manipulation.
- **Access Controls:** Restricting access to surveillance systems and data to authorized personnel.
- **Audit Trails:** Maintaining detailed audit trails of all activities related to the surveillance system.
- **Periodic Review and Testing:** Conducting periodic reviews and testing of the surveillance system to ensure its effectiveness.

9. Training and Awareness

RSBPL provides regular training to all employees, particularly those involved in trading and surveillance activities, to enhance their understanding of the surveillance policy, relevant regulations, and their obligations.

10. Review of the Policy

This policy will be reviewed at least annually and updated to reflect changes in regulations or business needs states.

Approved by the Board of Directors of RIDHI SHARE BROKERS PRIVATE LIMITED on [10 JANUARY 2025].