

**GLOBE  
CAPITAL  
MARKET  
LIMITED**

**Policy on Surveillance****➤ Meaning of surveillance**

In Capital market, **surveillance** means analysis of client's trading activities post trade in order to observe that any transaction or behavior, whether it is buying, selling or instigating in a manner to willfully produce an abnormal effect on prices and/or volumes, goes against the very fundamental objective of the securities markets.

**➤ Objective of Policy**

The objective of this policy is to comply with the Bye laws, rules and regulation prescribed by SEBI and Exchanges for monitoring of transactions of clients for due diligence and exchanges circulars issued in March, 2013 regarding Surveillance Obligations for Trading Members. Through, this circular Exchange aims to facilitate effective surveillance mechanisms and for maintaining an orderly market and enhancing market transparency and market integrity.

The prime purpose of the surveillance policy is to overseeing trades that occur. Monitoring is a key part of the alerting system. Since electronic trading takes place far too quickly for the naked eye to analyze each trade, individual transactions, therefore the need of surveillance department has arisen. The Surveillance Department is responsible for identifying any potential irregularities that occur in the trading of stocks and to carry out the due diligence of its clients on a continuous basis. Further, said department shall ensure that Key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest

information of the client is updated in UCC database of the exchange. In other words, it acts as a security department that watches potential fraud, to protect the interests of investors who invest in the market which is one of main objective of our regulator Securities Exchange Board of India (SEBI).

➤ **Scope of Policy**

Generally, activities of surveillance and other department are elaborated below:-

1. **Client information updating:** - It is the responsibility of KYC department to ensure that the updation of key KYC information such as latest financial details of client, change of bank detail etc. on back office software and exchange platform i.e. UCC database of exchange through KYC department should be done on regular basis.
2. **Monitoring of transactions:** - : Surveillance department monitors and analyses trading activities of client(s) on ongoing basis with help of alerts given and generated by Exchanges and department's surveillance software. Team has defined the various parameters for generation of alerts on surveillance software and also reviews the parameter on periodic basis. If required, revised parameters incorporate in software time to time. Generally , team monitors the following alerts to review trading activities and other information of clients :-

S.NO.	Transactional Alerts	Segment
1	Circular Trading	Cash and Derivative

2	Client Scrip concentration	Cash
3	Wash Sales (Selling losing securities for a tax advantage)	Cash and Derivatives
4	Dormant account trading activities	Cash and Derivative
5	Clients/ Group of clients concentration in a few Illiquid Scrip	Cash
6	Concentration position in the open interest / High turnover concentration	Derivative
7	Pump and Dump (increase/decrease in price through false/misleading statement)	Cash and Derivative
8	Reversal of trades (trades matched between two people)	Cash and Derivative
9	Front Running	Cash and Derivative
10	Concentrated position in the Open Interest/ High Turnover concentration (Client exchange volume)	Derivatives
11	Order book spoofing i.e. large orders away from market	Cash
12	Client(s)/Group of Client(s) dealing in scrip in minimum lot size.	Cash

**3. Analysis of Trading activities of clients :-** On the basis of alerts , Team analyse the trading activities of client(s) and scrip(s) identified based on the above alerts , team are required to:-

- a) seek explanation from such identified clients / group of clients for entering in to such transactions and also ask about their investment and/or trading strategy.
- b) seek documentary evidence such as bank statement , net worth certificate , latest balance sheet , demat transitions or any other documents to conclude the genuineness of the transactions . .
  - In case of fund, bank statements of the client (s) / Group of Client (s) from which funds pay in have been met, to be sought .In case of securities, demat account statements of the client(s) / Group of client(s) from which securities pay in has been met, to be sought.
  - The period for such statements may be at least +/- 15 days from the date of transactions to verify whether the fund / securities for the settlement of such trades actually belongs to the clients for whom the trades were transacted .
  - In case of insufficient net worth/ financial, client(s) / Group of client(s) shall have to provide details about source of fund / shares etc.

**4. Reporting and recording:-** After analyzing the documentary evidences and other information submitted by client(s) / Group of client(s), Surveillance team shall record its observations for such identified transactions and client(s) / group of client(s). In case of adverse

observations are recorded, team shall have to inform all such instances to the exchange within 45 days of the alerts generation. Team may seek extension of the time period from the exchange, wherever required. If, there is any delay in disposition, reason for the same shall be documented. Team shall maintain the records.

5. **MIS:** - A quarterly MIS shall be put 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 quarter. Reasons for pendency shall be discussed and appropriate action taken.
6. **Responsibility:** - Surveillance process shall be conducted under the overall supervision of compliance officer. Surveillance team, designated directors as well Compliance officer would be responsible for the all surveillance activities carried out by the team and for the record maintenance and reporting of such activities.
7. **Review by Internal Auditor:** - Surveillance policy, its implementation, effectiveness and review the alerts generated during the period under audit shall also review by internal auditor. Internal auditor shall record the observation with respect to the same in their report after discussion with surveillance team.