



## **SURVEILLANCE POLICY**

**(TATA SECURITIES LIMITED)**

## I. Introduction:

Tata Securities Limited (“**the Company**”) is registered as a Depository Participant (“DP”) with the Central Depository Services (India) Ltd. (“CDSL”) and National Securities Depository Limited (“NSDL”). CDSL and NSDL vide their circulars no. CDSL/OPS/DP/SYSTEM/2021/309 and NSDL/POLICY/2021/0072 dated July 15, 2021 respectively advised all DPs to put in place a surveillance framework inter alia covering the aspects referred in the above Circulars.

This Surveillance Policy is being framed pursuant to the above referred Circulars. The objective of this Policy is to put in place a surveillance mechanism to ensure effective monitoring of transactions of the depository clients.

## II. Transaction Alerts:

The Policy covers various surveillance alerts generated internally or as received from CDSL and NSDL. The alerts to be generated based on the parameters set out below:

Sr. No.	Indicative themes	Indicative Identification Criteria
1	Multiple demat accounts opened with same demographic details	More than one account opened with same PAN /mobile number / email id/ bank account no. / address
2	Email / Letter undelivered	Communication – emails sent to clients on registered Email id gets bounced once then letters to be sent to the clients.  Letters sent to clients on registered address remains undelivered for more than three times.
3	Frequent changes in details of demat account details	Change in details of client details such as, address, email id, mobile number, Authorized Signatory, POA holder etc. atleast twice within a period of 90 days.
4	Frequent Off-Market transfers by a client	Off-market transfer of securities more than twice in a month
5	Off-market transfers not commensurate with the income/Networth of the client.	Off-market transfers not commensurate with the income/Networth of the client.
6	Pledge transactions not commensurate with the income/Networth of the client.	Pledge transactions not commensurate with the income/Networth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account	Off-market transfers amounting to more than Rs. 10 lakhs immediately after modification of details in demat account
8	Review of reasons of off-market transfers	Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9	Alert for newly opened accounts wherein sudden Increase in transactions activities	Sudden increase in transaction activity in a newly opened account within a period of three months from the date of opening of the account. An account in which securities balance suddenly reduces to zero. An active account with regular transaction history suddenly becomes dormant.

The Compliance Officer in consultation with the Chief Financial Officer may change the above referred indicative identification criteria from time to time.

### **III. Scrutiny and Disposal of the Transaction Alerts:**

1. The DP Operations team shall be responsible for analysing the alerts raised basis the parameters defined above on a quarterly basis.
2. The following steps to be followed for analysing the transaction alerts raised internally by the DP Operations team:
  - a. System generated reports, wherever available to be downloaded within 5 days of the end of the each quarter.
  - b. Obtain transaction rationale and obtain such supporting documents as may be required from the client.
  - c. After analyzing the documentary evidences, including the bank / demat statement, if any, the DP Operations team shall record their preliminary observations for such identified transactions or client(s) / group of client(s) and share the same with the Compliance Officer within 10 days from the date of generation of alerts.
  - d. In case the Compliance Officer concludes the adverse observation to the alert, he/she shall inform CDSL and/or NSDL within 15 days from date of identification of adverse observation.
3. With respect to the transactional alerts provided by CDSL and / or NSDL, the DP Operations team and the Compliance Officer shall ensure that all alerts are reviewed and status thereof (Verified & Closed/Verified & Reported to Depository) including action taken is reported to CDSL and / or NSDL within 30 days as per the prescribed process by CDSL and NSDL.
4. The records of alerts generated, disposed of as closed and details of action taken wherever applicable shall be maintained either in physical or electronic format by the DP Operations team with such security measures as would make such records temper proof and the access is available on to designated officials under the supervision of the Compliance Officer.

### **IV. Obligations of Compliance Officer/ Designated Director and Internal Auditor:**

1. The surveillance activities of the Depository operations shall be conducted under overall supervision of the Compliance Officer of the Company. The policy shall be implemented by the Company in accordance with the provisions of Prevention of Money Laundering Act, 2002 and rules made thereunder.
2. A quarterly MIS shall be put up to the Board on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Board shall be apprised of any exception noticed during the disposal of alerts.
3. Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit and shall record the observations with respect to the same in their report.
4. Internal Auditor shall verify that the quarterly MIS is prepared and placed before the Board.

**V. Reporting requirements:**

The Compliance Officer shall report the alerts along with its analysis on a quarterly basis, in the prescribed format to CDSL and NSDL within 15 days from end of every quarter starting from the quarter ending December 31, 2021.

In case there are no transactions to be reported during the quarter, a “NIL Report” shall be filed within 15 days from the end of the quarter.

**VI. Effective Date:**

This Policy shall be effective from October 1, 2021.

**VII. Policy Review:**

The Policy shall be reviewed annually by the Compliance Officer to ensure that the same is updated in line with market trends, applicable regulations and guidelines issued by SEBI or any other Regulatory Authority from time to time.