LLP Identification Number: AAX-1400

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOARD OF THE DIRECTORS OF THE COMPANY **DELTAMARK PARTNERS LLP** HELD ON **03/07/2023** AT 102 and 103, RONIT ARCADE S.V. ROAD, JAVARI BAUG, POISAR, OPP. MTNL EXCHANGE, KANDIVALI (WEST)

REVIEW OF SURVEILLANCE POLICY

The Director of the company placed before the Board the Surveillance policy as per NSE Circular no. NSE/SURV/48818 with reference no. 452/2021 dated July 01, 2021 for discussion of the board. The same was discussed and the following resolution was passed:

"RESOLVED THAT the Surveillance policy has been reviewed and discussed."

The resolution was unanimously passed and resolved.

FOR **DELTAMARK PARTNERS LLP**

PARTNER

LLP Identification Number: AAX-1400

SURVEILLANCE POLICY FOR STOCK-BROKERS AND DP OPERATIONS

Policy Created by: Compliance Officer	Policy made On: 01/07/2023
Policy Reviewed by: Compliance Head	Policy approved On: 03/07/2023
Approval Authority: Board of Directors	Periodicity of Review: As and when required

Objective:

The objective of this policy is to have in place an effective market surveillance mechanism to ensure investor protection and to safeguard the integrity of the markets. The goal of surveillance is to spot adverse situations in the markets and to pursue appropriate preventive actions to avoid disruption to the markets. The fairness of the markets is closely linked to investor protection and, in particular, to the prevention of improper trading practices. This monitoring is required to analyse the trading pattern of the clients in order to observe whether any transaction (buying/ selling) done intentionally, which will have an abnormal effect on the price and/ or volumes of any share, which is against the fundamental objective of the Securities Market.

DELTAMARK PARTNERS LLP is required to follow the same and take due care for its proper implementation. The policy shall also be approved by its Board after review done by the Compliance Office on periodic basis to keep it in line with the market trends. This policy is made to facilitate effective surveillance mechanisms at **DELTAMARK PARTNERS LLP** Exchanges will provide alerts to us based on the transactions traded on Exchanges. We have to analyse these alerts and seek client information and documentary evidence and submit the same to the Exchange within the prescribed time limit (if required).

A. Following are the transactional alerts to be covered in surveillance:

No.	Transactional	Segment
1.	Significantly increase in client activity	Cash
2.	Sudden trading activity in dormant account	Cash
3.	Clients/Group of Client(s),dealing in common scripts	Cash
4.	Client(s)/Group of Client(s)is concentrated in a few liquid scripts	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 &

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10.	Reversal of Trades	Cash &
11.	Front Running	Cash
12.	Concentrated position in the Open Interest/High Turnover concentration	Derivatives
13.	Order book spoofing i.e. large orders away from market	Cash

The above transactional alerts list can be modified to add any other type of alerts as and when required.

The following activities are also required to be carried out by the RMS/compliance department or the back-office based on UCC parameters:

Client(s)Information:

To carry out the Due Diligence of its client(s) on a continuous basis. Further, to ensure that key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest information of the active client is updated in UCC data base of the Exchange. Addition/ Modification of any parameter (correspondence address, contact details, email id, bank details, etc.) relating to client should also be updated immediately in the UCC database of exchange and the same shall be updated in back office also, to establish groups/association amongst clients to identify multiple accounts/ common account/ group of clients.

Analysis:

To analyse the trading activity of the Client(s) / Group of Client(s) or scripts identified based on above alerts:

a) Seek explanation from such identified Client(s)/ Group of Client(s) for entering into such transactions.

b) (1) Seek documentary evidence such as bank statement/demat transaction statement or any other documents to satisfy itself. In case of funds, 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. (2) The period for such statements may be at least+/-15 days from the date of transactions to verify whether the funds/securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

c) After analysing the documentary evidences, including the bank/demat statement, the Trading Member shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case adverse observations are recorded, the Trading Member shall report all such instances to the Exchange within 45days of the alert generation. The Trading Member may seek extension of the time period from the Exchange, wherever required.

Monitoring and Reporting:

Following is the procedures to be adopted in case of any alert being received either from Exchanges or alert being generated at our end:

a. To review the alerts base don
   a) Type of alert downloaded by Exchanges
   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 maybe at least +/-15daysfromthe date of transactions)
   e) Other connected clients in TM's UCC (common e mail/mobile number/address, other linkages ,etc.)
   f) Other publicly available information.

If any concern is seen post inquiry/receipt to explanation from client, we have to forward the alerts to the Exchange with client comments and any documents deemed relevant.

b. Within 45days of the alert generation. The extension of the time period can be sought from Exchanges in case wherever additional time is required the reason for the same shall be documented.

c. A Register for recording the alerts has to be maintained which shall record the following: Time frame for disposition of alerts, the findings, in case if any delay is found in disposition then there as on for the delay should also be noted, etc.

d. A quarterly MIS shall be put to the Board of Directors, updating on the 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. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board of Directors shall be apprised of any exception noticed during disposition of alerts.

The surveillance process shall be conducted under overall supervision of the Compliance Officer/ Designated Director and he would also be responsible for all surveillance activities carried out by **DELTAMARK PARTNERS LLP** and for the record maintenance and reporting of such activities.

Internal auditor of **DELTAMARK PARTNERS LLP** shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.

Graded Market Surveillance scrip (GSM) (Equity segment)
NSE vide its circular NSE/SURV/34262 dated February 23, 2017 and BSE vide its circular 20170223-44 dated February 23 2017 introduced Graded Market Surveillance (GSM) as introduced by equity exchanges, is on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, etc.

In addition to existing Surveillance action being imposed from time to time, securities shall be monitored for price movement by equity exchanges and based on pre-determined objective criteria shall attract following additional graded surveillance measures:

Stage	Surveillance Actions
I	Transfer to trade for trade with price band of 5 % or lower as applicable.
II	Trade for trade with price band of 5 % or lower as applicable and Additional Surveillance Deposit (ASD) of 100% of trade value to be collected from Buyer
III	Trading permitted once a week trading and ASD 100% of trade value to be deposited by the buyers (Every Monday)
IV	Trading permitted once a week trading with ASD 200% of trade value to be deposited by the buyers (Every Monday)
V	Trading permitted once a month trading with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)
VI	Trading permitted once a month with no upward movement in price of the security with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)

In view of the above we have incorporated in our in-house software about records of the trading done in such scripts

1. The records so generated are compared visa vis. exchange volumes, repeated days of trading and price volatility in the scrip.
2. Additionally the financials of the company are also analyzed to ascertain whether the trading volumes and price movements are justified.
3. In case any trading is found to be abnormal, initial alerts are sent to the branches. If repeated, after proper verification and analysis the scrip may also be blocked from further trading.

In case of any further regulatory developments, the same would be implemented in spurt and accordingly deemed to be part of this policy.

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Additional Surveillance Measure (ASM) (Equity segment)
NSE vide its circular SE/SURV/37262 dated March 22 2018 and BSE vide its circular 20180321-46 dated March 21 2018 had informed that Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have implemented that along with other measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns viz. Price variation, Volatility, etc.

Accordingly, Exchanges would review identification of securities for placing in ASM Framework has been carried out. In addition to this, Exchanges have issued other circulars from time to time reviewing the parameters for the ASM framework and accordingly updating the scrips in the said framework

In view of the above we have incorporated in our in-house software about records of the trading done in such scripts

1. The records so generated are compared visa vis. exchange volumes, repeated days of trading, price volatility in the scrip.
2. Additionally the financials of the company are also analyzed to ascertain whether the trading volumes and price movements are justified.
3. In case any trading is found to be abnormal, initial alerts are sent to the branches. If repeated, after proper verification and analysis the scrip may also be blocked from further trading.

In case of any further regulatory developments, the same would be implemented in spirt and accordingly deemed to be part of this policy.

PROCESS OF IDENTIFICATION OF SUSPICIOUS/MANIPULATIVE ACTIVITY:

1. Type of alert downloaded or generated
2. Financial details of the client.
3. Past trading pattern of the clients/client group.
4. Bank/Demat transaction details.
5. Other connected clients having common email/mobile number/address or any other linkages.
6. Other publicly available information.

In order to have in-depth analysis of the above transactional alerts, the following due diligence shall be taken based on the following parameters:

1) **Client Information:**
The official shall carry out Due Diligence of client and shall ensure that the key KYC parameters are updated on a periodic basis and latest information of the client is updated in Unique Client Code (UCC) database of the Exchange. Based on this information the official shall try to establish groups / association amongst clients to identify multiple accounts / common account/group of clients, if any.

2) **Analysis:**
If the Compliance Officer feels so, he may further carry out the following procedure:
- To seek explanation in writing from such identified Client(s) / Group of Client(s) for entering into such transactions
- To seek documentary evidence such as Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met or updation of income details of the client or in case of securities seek the demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met.

3) **Suspicious / Manipulative activity identification and reporting process:**
Unexplained, unusual or abnormal transactions which are not in line with the normal expected trend of transactions in the account are required to be identified and should be reported accordingly.

In view of the above, the Broker shall download the aforementioned alerts in addition to the existing internal monitoring of the transactions.

Upon receipt of alerts, the same are to be forwarded to the concerned dealer/RM of the client(s) seeking an explanation/clarification from the client(s) reason behind carrying out such trade(s) in their accounts.

In addition to above, the Broker also seeks documentary evidence from clients such as bank statement / updated financial statement.

- In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. ii. 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 funds/securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

After analyzing the documentary evidences, the Broker should record its observations for such identified transactions or Client(s) / Group of Client(s) in the Register maintained for the purpose.

With respect to the transactional alerts downloaded by the Exchange, Broker will ensure that all the alerts are analysed and status thereof (verified & close/ verified & sent to Exchange) including action taken is updated within 45 days with the Exchanges

MONITORING AND REPORTING:

For effective monitoring the Broker shall maintain a register which shall record the disposition of alerts, the findings, and if there is any delay in disposition, the reasons for the same, etc.

The Compliance Officer shall ensure that:

i. All alerts are analyzed and status thereof including those with adverse observation along-with action taken is updated in the manner as may be prescribed, within 45 days to Exchanges in which the Broker is registered. The Broker may seek extension of time period from the exchange, wherever required.

ii. In case adverse observations are recorded then Broker shall report all such instances to the Exchange within 45 days of the alert generation.

iii. The Broker may seek extension of the time period from the Exchange, wherever required.

iv. All alerts are analyzed and status thereof including action taken is updated within 30 days to Depositories and in case adverse observation are recorded within 7 days of the date of identification of adverse observation in the manner as may be prescribed by them.

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