

**Tradeswift Broking Private Limited**  
**CIN:-U67120RJ1996PTC023722**

**Tradeswift Derivatives Private Limited**  
**CIN:-U74999RJ1992PTC006675**

**Tradeswift Commodities Private Limited**  
**CIN:-U51101RJ2005PTC020475**

***Tradeswift***  
**THE EQUITY & COMMODITY BROKERS**

4<sup>th</sup> Floor, Baid House, 1-Tara Nagar, Ajmer Road, Jaipur-302006  
(Phone : 0141-4050505)  
(Fax: 0141-4050506)  
Email : [contact@tradeswift.net](mailto:contact@tradeswift.net)  
URL : [www.tradeswift.net](http://www.tradeswift.net)

## Procedure for Risk Management & Surveillance Deptt.

The objective of this process notes is to explain the Surveillance Process and systems used for Risk management Surveillance by Surveillance Department. The key points are following:

### Dealer ID Creation

- Department gets the details of new User ID from the Customer Relationship Department. Details are approved only by Marketing Head or Director. The details are uploaded using ENIT to NSE, BOLT to BSE or using FTP to MCX Stock Exchange . Once NSE/ BSE / MCX Sx approves the User ID, ID is created and details of retail clients (obtained from Back Office) are mapped with the User ID using ODIN Admin. It is communicated to Customer that new User ID has been created.

### Retail ID Creation

Retail User id creation form is being collected from the client who desires to have the IBT platform. The user id is created only after the approval of the marketing head or director. Once the user id is created the user log-on and password is communicated to client. On the first login client has to change the password.

### Surveillance

- NSE / BSE Cash trading / MCX Sx Trading/MCX/NCDEX is done through NEAT/ BOLT/TWS and NEAT Plus terminal. NEAT / BOLT /TWS is mapped with ODIN Admin that is provided to set margin limits for retail clients.
- For ODIN server, there is one ODIN Admin (Chief user) that can monitor all the retail clients connected with that particular NEAT / BOLT / TWS server. There is only 1 NEAT / BOLT /TWS server and that NEAT / BOLT /TWS server is connected with ODIN manager that manages all the clients attached with the server.
- NEAT / BOLT / TWS access is restricted to only at HEAD OFFICE.
- Margin Limits are set through ODIN Admin (Chief user) and surveillance department can check rejected orders in ODIN Admin.
- Margin limits are changed only on phone calls / confirmation from designated people of Accounts department / RMS head .
- Capital market surveillance for orders placed on NEAT/ BOLT/TWS is done using Odin Admin/Risk Server and
- Surveillance for orders placed in F&O segment / Currency Derivatives Segment is done by Risk Server. Risk Server gives the margin utilized by the client and Mark to Market loss at the current market price of the underlying scrip in which the client or dealer has the positions.

### General Points

- Employees follow rules and responsibilities as communicated verbally by Department Manager.
- All User Ids are password protected.
- Manuals for Risk Server are not available readily. These surveillance systems are used to monitor positions but orders that exceed the limits will be rejected.

- Buy Today Sell Tomorrow facility is not provided to clients in case of NSE /BSE cash segment.
- Specific instruction is to be obtained from the client for fulfilment of obligation (Funds and securities) for the trades executed in other than Normal / Rolling settlement.
- We come to know about bulk orders i.e. securities that exceed 0.5% of market cap of a stock, through Back Office report.
- Derivatives that exceed 95% of market wide position limit can be rejected only through odin administrator
- Every week, limits of dealers /Ids are updated based on margins of retail clients handled by the respective dealers.
- Margin Limit is set as zero by default for Retail Clients and dealers.
- Margin is collected from clients even if they want to sell securities.

Passwords for NEAT /TWS, Odin Admin Chief, are available with all members of Surveillance team.

## Write-up on Internal Controls

INTERNAL CONTROLS: Internal controls are in place at all levels in the organization. The activity wise details are as under:

Registration of Clients: A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is allowed to the clients only after successful upload of "Unique Client Code".

Receiving, Validating & entering orders of the clients in the trading platform: Orders are received on phone. The orders are placed in the trading platform and confirmed immediately on phone itself. Some preferred clients are also informed as and when their order gets executed.

Collection and Maintenance of Margins: We adhere to strict compliance in maintenance and collection of margins. Our RMS department keeps track of margin requirement of every client on continuous basis. Everyday the margin requirement as per MG13 is matched with margin available in cash as well as collateral received from clients and in case of shortfall duly collected from the respective clients in time and reported accordingly.

Monitoring of branches/Sub-brokers/DP operations etc: Branches and sub brokers are kept under continuous surveillance through our RMS and Coordination Department. Regular branch visits and internal reviews are carried out to ensure smooth functioning and proper management of the branches. As regards operations at branch level, all the back office related activities have been centralized at the corporate office of the company. The operations at the branch level are restricted to trading and collection of payments only. All other activities are controlled from corporate office only. Feedback from all the branch managers is received on continuous basis to analyze the status of operations at the branch.

Continuity Planning / Alternate plan in case of disasters etc: The Company has a CTCL server located at Head office and another Back up CTCL server is also located at our Head office. If any server is down, users can be shifted to the other server. Back up of the previous day is being restored to Back up CTCL server which is running

live to reduce down time in case of hardware failure. Further the databases are backed up daily & stored at remote location.

Compliance: We are committed to comply with all the requirements issued by exchange and other market intermediaries from time to time. We have compliance department in place for continuous monitoring of various compliances. In the preceding paragraphs, we have elaborated the various internal controls put in place to ensure strict adherence to all the rules and regulations. Department wise allocation of various compliances is also done to ensure day-to-day compliances.

**POLICIES AND PROCEDURES AS PER SEBI CIRCULAR NO MIRSD/SE/CIR-19/2009 DATED 03-DEC-2009**

**1. Refusal of orders for penny stocks:**

Stock broker is advising to the clients not to deal in penny securities and if client deals with the penny stocks, 100% margin will be taken from the client and these shares will not be taken to as Margin deposit. The stock broker shall have authority from time to time limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies) or may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well, the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker. Decision of Broker will be binding on the client and will be final.

**2. Setting Up Client's Exposure Limits:**

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/ SEBI directions/ limits (such as broker level/ market level limits in security specific / volume specific exposures etc.). The stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. Sometimes client's sauda may go to IOC (Immediate or Cancel) instead of normal bidding if broker terminal is on square off mode. The Stock Broker at its sole discretion can give extra exposure or intraday limit to the client, such extra exposure will automatically be squared off by trading mechanism without any further reference to the client appx. 15 minutes before the scheduled closing.

**3. Applicable Brokerage Rate:**

**a. For Cash Market Segment:** The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

**b. For Future Contracts :** Brokerage for Future contract would not exceed 2.5% of the contract price and exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected

**c. For Option contracts:** Brokerage for option contracts would not exceed Rs.100/- per lot single side or such other rates as provided by the exchanges.

4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws) :

Client shall be liable to penalty and other charges on nonpayment of margin money, short selling of securities or units, failure on payment of auction, cheque bounce, non delivery of shares, increase open position or on any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force as per Rules, Regulations, Guidelines and Circulars issued by SEBI and stock exchange time to time and client will be kept informed about the rate of such penalties & fines. Similarly in case of non receipt of full payment of value of delivery purchased, margin imposed (initial + MTM) interest will be charged at 21% p.a. calculated on daily basis on shortfall amount till the date of actual realization of money. All fines/penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by the Stock Broker directly from the client's account.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement/margin obligation) :

1. If payment/securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account.

2. In case of benefit of margin will be given only after realization of instrument.

3. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities.

If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by the stock broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square off / closing outs etc., shall be solely to the account of the client and the client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever.

4. The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/ liquidate all open positions/ securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. Similarly all transactions outstanding under limit by

whatsoever name called may be closed out at specified time if not squared off by the client.

5. In case open position (Le. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. In addition the above Specific instruction is to be provided by the client to Stock Broker for fulfilment of obligation (Funds and securities) for the trades executed in other than Normal / Rolling settlement.

6. Any reference in these terms to sale or transfer of securities by the Stock Broker shall be deemed to include sale of the securities which form part of the Margin maintained by the Client with the Stock Broker.

#### 6. Shortages in obligations arising out of internal netting of trades

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

a. The short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Pay-in/Payout Day. The securities delivered short are purchased from market on T +2 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies + 5 % extra) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.

b. If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T +3 day or Auction day on Exchange +10%. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits after deducting exchange penalties.

c. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction.

#### 7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

The stock broker may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by stock broker / exchange/ SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.

1. For non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations.

2. Any order which is executed without the required Margin in the Client's account or the brokers exposure is more than 90% and above so no fresh trade will be taken.

3. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock Broker, which are not marked for delivery 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of exchanges, reserves the right to square off positions.

4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.

5. The stock broker is entitled to disable / freeze the account or trading facility / any other service if, in the opinion of the stock broker, the client has committed a crime, fraud or has acted in contradiction of this agreement or / evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends. Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

#### 8. Temporarily suspending or closing a client's account at the client's request

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

#### 9. Deregistering a client

A client is at liberty to deregister himself / itself from the member. For that purpose client will be liable first to settle his account in full. In case of any shortfall or any dues or payment remaining after adjusting the margin account, the client will be liable to make payment of the same. And in case of surplus arising out after netting of account, client shall be entitled to receipt of the same. The member shall also have power to deregister the client after settling his account at its sole discretion.

10. Activation of Inactive client : If a client does not trade for a continues period of 6 months the member firm put a inactive /dormant flag against him, so that extra precautions can be taken while dealing with such client. All the assets lying with the member has to return to the particular client as per the client's instructions and authorisation.

If a dormant client wants to do some transaction, a written request or confirmation of his identity to administrator over the recorded telephone line is required, after the

authorised officer of the member has confirmed the identity of such client up to his satisfaction, he may allow him to do the transactions.

## 11. Policy on Circulation of Unauthenticated News

Prohibition on circulation of unauthenticated News:

To Protect Investors to Stop Unauthenticated News Circulation by the Company's Employees/ Temporary Staff or other dealing person and by company Infrastructure.

As per code of conduct for Stock Broker in SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and SEBI circular Cir/ISD/1/2011 dated March 23, 2011, all SEBI registered market intermediaries are required to have proper internal code of conduct to govern the conduct of its Employees. In view of same, TRADESWIFT BROKING PRIVATE LIMITED / TRADESWIFT DERIVATIVES PRIVATE LIMITED AND TRADESWIFT COMMODITIES PRIVATE LIMITED implements code of conduct for communicating through various modes of communication. Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers are prohibited from:

1. Circulation of unauthenticated news related to various scrips in blogs/chat forums/e-mail etc.
2. Encouraging or circulating rumors or unverified information obtained from client, industry, any trade or any other sources without verification.
3. Either forwarding any market related news received in their official mail/personal mail / blog or in any other manner except after the same has been seen and approved by the Compliance Officer.

Our Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers are restricted from circulation of rumors or unverified information obtained from client, industry, any trade or other sources without verification.

The Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers will have to seek prior approval from Compliance Officer of TRADESWIFT BROKING PRIVATE LIMITED/ TRADESWIFT DERIVATIVES PRIVATE LIMITED AND TRADESWIFT COMMODITIES PRIVATE LIMITED before forwarding any market related news received by them either in their official mail/personal mail / blog or in any other manner and all the reporting with regard to violation of the same shall be done to the designated Compliance Officer.

If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for disciplinary action.

Access to Blogs / chat forums/messenger sites etc. has been restricted by TRADESWIFT BROKING PRIVATE LIMITED/ TRADESWIFT DERIVATIVES PRIVATE LIMITED AND TRADESWIFT COMMODITIES PRIVATE LIMITED and is not allowed.

This code can be modified/amended/alterd as required from time to time in compliance of the relevant provisions/regulations in this regard.

## 12:Policy for Client code modification/Error Account

1. TRADESWIFT shall have the absolute discretion to accept, refuse or partially accept the client code Modification requests based on Risk Perception and other factors considered relevant by KBSPL; KBSPL and / or any of its directors, employees will not be held responsible for Damages/losses due to such refusal or due to delay caused by such review.
2. Client code modification requests will be strictly accepted only to rectify genuine error in entry of client code at the time of placing /modifying the related order; consequently dealers are expected to take utmost care/precaution while execution of client trades.
3. As per SEBI circular dated July 5, 2011 on client code modifications, penalty will be levied on all client code modifications w.e.f. August 1, 2011 (including genuine errors).
4. Error due to communication and / or punching or typing such that the original client code / name and the modified client code / name are similar to each other.
5. Modification within relatives (Relative for this purpose would mean Relative as defined under sec. 6 the Companies Act, 1956).
6. TRADESWIFT will allow Modifications in the client Codes of Non-Institutional clients only for the following objective Criteria provided there is no consistent pattern in such modifications:
7. For easy identification of "ERROR ACCOUNT", TRADESWIFT have registered a fresh Client Code ERROR as (ERROR ACCOUNT) in Back office & same has been uploaded in the UCC database of the Exchange.
8. Any transfer of trade (institutional or non-institutional) to "ERROR ACCOUNT" of member would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in "ERROR ACCOUNT" are subsequently liquidated in the market and not shifted to some other client code. Client Code Modification requests through "ERROR ACCOUNT" will be accepted only till 3:30 PM IST.
9. All cases of modification of client codes of non-institutional trades executed on the Exchange and not transferred to TRADESWIFT "ERROR ACCOUNT", shall be liable for a penalty of 1% of value of non-institutional trades modified if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month.
10. The levy of penalty is a precautionary measures and management has sole discretion whether to levy penalty or not.
11. TRADESWIFT shall conduct a special inspection of the concerned Dealer/Associate, if modification\*<sup>n</sup> exceeds 1% of the value of trades executed during a month and take appropriate disciplinary action, if any deficiency is observed.

### 13: Policy on accepting Pre-Funded instrument

Tradeswift generally accepts all the payments from the clients through account payee cheque only. The instrument submitted for payment of dues should belong to the same person who is maintaining the account with us. Third party instruments will not be accepted / credited to the account.

However clients have the options to pay through prefunded instruments like Demand Drafts / Banker Cheque subject to fulfilling the following guidelines.

- If the aggregate value of pre-funded instruments is ' 50,000/- or more, per day per client, the stock brokers may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the following:
  - ◆ Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
  - ◆ Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
  - ◆ Certified copy of the passbook/bank statement for the account debited to issue the instrument.
  - ◆ Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

If the client has electronically transferred funds to the account, he should produce the following:

- E-statement of the account, displaying account number and account holder name showing the debit entry of fund transfer to Tradeswift.

### 14: Policy on prevention of Insider Trading

The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, was amended on 22nd February 2002 (hereinafter referred to as "Regulations") in terms of which a Stock Broker is required, inter alia, to frame a Code of Conduct for Prevention of Insider Trading by Employees of a Stock Broker, including its Directors. In line with the said Regulations, the following Code of Conduct (hereinafter referred to as "the Code") has been adopted by TRADESWIFT BROKING PRIVATE LIMITED/ TRADESWIFT DERIVATIVES PRIVATE LIMITED AND TRADESWIFT COMMODITIES PRIVATE LIMITED (hereinafter referred to as "Tradeswift"), Member of the Stock Exchange, Mumbai & National Stock Exchange Ltd, MCX Stock Exchange and United Stock Exchange

#### Director

- Tradeswift has appointed Mr. Nishant Jain as a Compliance Officer who reports to the Board of Directors.

- The Compliance Officer shall be responsible for setting Policies and Procedures and monitoring the Rules & Regulations for the preservation of "Price Sensitive Information", pre-clearing of all Designated Employees and their Dependents Trades (directly or through respective Department heads as decided by the Tradeswift). Monitoring of Trades and the Implementation of the Code of Conduct under the overall Supervision of the Directors
- The Compliance Officer shall maintain a record of all Tradeswift Employees and any Changes done in the Employees List from time to time & help to understand any Clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992.

#### Prevention of "Price Sensitive Information

- Employees / Directors shall maintain the Confidentiality of all Price Sensitive Information & must not pass such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities
- Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those within Tradeswift, who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.
- All Files of Tradeswift, containing Confidential Information shall be kept Secure & all computer files must have Adequate Security of Login and Password, etc
- To prevent the Misuse of Confidential Information, TRADESWIFT separates those Areas which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advise or other Departments providing Support Services, considered "Public Areas".
- The Employees in Inside Area may be physically segregated from Employees in Public Area.
- The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area.

#### Prevention of Misuse of Price Sensitive Information

- Employees / Directors shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, TRADESWIFT's Account or a Client's Account. The Trading Restrictions shall apply for Trading in Securities.
- All Directors / Employees of TRADESWIFT, who intend to deal in the Securities of listed Companies where TRADESWIFT has some assignments shall pre-clear the Transactions as per the pre-dealing Procedure as described here below.

- An Application may be made in such form as specify by TRADESWIFT in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Employees / Director intends to deal in with details of Demat DP with which he has a Security Account, the Securities in such Depository Mode and any other details as may be prescribed by TRADESWIFT in his rule & regulations.
- An Undertaking shall be executed in favor of TRADESWIFT by such Employees / Directors incorporating, the following Clauses, as may be applicable
- That the Employees / Director does not received any "Price Sensitive Information" at the time of signing the Undertaking
- That in case the employees / director / partner receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of listed companies.
- That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by TRADESWIFT.
- That he / she has made a Full and True Disclosure in the matter

#### Restricted / Grey List

- In order to monitor above Procedures and Trading in Client Securities based on Inside Information, TRADESWIFT shall restrict Trading in certain Securities and designate such List as Restricted / Grey List.
- Security of a Listed Company shall be put on the Restricted / Grey List if TRADESWIFT is handling any Assignment for the Listed Company or preparing Appraisal Report.
- Any Security, which is being purchased or sold or is being considered for Purchase or Sale by TRADESWIFT on behalf of its Clients shall be put on the Restricted / Grey List
- As the Restricted List itself is a Highly Confidential Information it shall not be communicated to anyone outside TRADESWIFT. The Restricted List shall be maintained & kept by Compliance Officer
- Penalty for Contravention of the Code
- Any Employee / Director who trades in Securities or communicates any Information or counsels any Person Trading in Securities, will be treated as Contravention of the Code & conduct, may be penalized and appropriate Action may be taken by TRADESWIFT
- Employees / Directors of TRADESWIFT, who violate the Code, may also be subject to Disciplinary Action by the Company.

- The Action by TRADESWIFT shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992
- Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations
- In case of any violation observed by TRADESWIFT / its Compliance Officer that there has been a Violation of these Regulations, TRADESWIFT shall inform the SEBI

#### 14:Policy for dealing with Conflicts of Interest

On the lines of Principle SEBI , it has been decided to put in place comprehensive guidelines for elimination of the conflict of interest of our entity or associated persons as detailed hereunder.

- We will at all times maintain high standards of integrity in the conduct of our business;
- We will ensure fair treatment of our clients and not discriminate amongst them;
- We will ensure that our personal interest does not, at any time conflict with our duty to our clients and client's interest always takes primacy in our advice, investment decisions and transactions;
- We will make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair our ability to render fair, objective and unbiased services;
- We will endeavor to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;
- We will place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- We will not deal in securities while in possession of material non published information;
- We will not communicate the material non published information while dealing in securities on behalf of others;
- We will not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
- We will not have an incentive structure that encourages sale of products not suiting the risk profile of our clients;
- There will be an educational programme for the "Associated Persons" in every six months for dealing with or avoiding or managing conflict of interest. For this purpose "Associated Persons" will be the persons associated and involved in the following core areas, namely:
  1. Assets or funds of investors or clients;
  2. Redressal of investor grievances;
  3. Internal control or risk management;
  4. Activities having a bearing on Operational risk.

Our management shall review the compliance of this circular in every six months.

Tradeswift Broking Private Limited  
Tradeswift Derivatives Private Limited  
Tradeswift Commodities Pvt. Ltd.

Internal Policy for

Compliance of provisions as contained in

Prevention of Money Laundering Act, 2002 (PMLA)

and rules and regulations framed PMLA

Regd Office : 4<sup>th</sup> Floor, Baid House 1 Tara Nagar Ajmer Road, Jaipur

Feb 2016



## Background

Prevention of Money Laundering Act, 2002 and Rules framed there-under have come into force with effect from July 01, 2005. The Act and Rules cast certain obligations on securities market intermediaries registered u/s 12 of the SEBI Act, 1992 (which includes a Stock Broker) to put in place systems and procedures to combat money laundering and monitor and report certain transactions.

### Circulars issued by SEBI & BSE for Compliance with PMLA Guidelines

- SEBI Circular ref. ISD/CIR/RR/AML/1/06 dated 18th January, 2006;
- NSE Circular No. NSE/INVG/2008/223 Dated 22-Dec-2008
- Circular No. NSE/INVG/2006/09 Dated 25-Jan-2006
- SEBI Circular ref. ISD/CIR/RR/AML/2/06 dated 20th March, 2006;
- SEBI Circular rev. ISD/AML/CIR-1/2008 dated 19th Dec. 2008
- SEBI Circular No. ISD/AML/CIR-1/2010 dated February 12,2010
- SEBI Circular No. ISD/AML/3/2010 dated 31-Dec-2010
- SEBI Circular No CIR/MIRSD/1/2014 dated March 12, 2014

### Objectives for framing of this Policy Document

- to provide for such procedures and internal control measures so as to deal with money laundering and terrorist financing activities in accordance with PMLA and rules and regulations framed there under as in force from time to time;
- to provide for maintenance of such records as are required under provisions of PMLA and/or rules and regulations framed there under
- To provide for submission of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR), as and when required
- to adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing; and
- to undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction;
- to create awareness about this policy among the staff members of the Company by ensuring that the contents of this policy framework are understood by all staff members;

- To review the policies and procedures at least once in a year and as and when required and to ensure their effectiveness by a person who is different from the person who has framed such policies and procedures.

### Internal Measures

#### 1. Appointment of Principal Officer and intimation about such appointment to FIU

The management shall ensure that in case the appointed Principal Officer opts to leave the organisation for any reason whatsoever, than a senior person of the organisation is designated as a principal officer in his place and intimation about such designation along with relevant particulars of new Principal Officer is sent at the following address forthwith:

Director, FIU-IND,

Financial Intelligence Unit-India,

6th Floor, Hotel Samrat,

Chanakyapuri,

New Delhi-110021.

#### 2. Maintenance of Records as required and PMLA

The Principal Officer of the Company shall be required to ensure that appropriate registers are maintained to record all of the following transactions (whenever any such transaction takes place) which are either routed through the Company accounts or to which the Company is related in any manner whatsoever, directly or indirectly:

- a) All cash transactions of the value of more than Rs 10 lacs or its equivalent in foreign currency.
- b) All series of cash transactions which are integrally connected with each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- c) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- d) All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as dmat account, security account maintained by the Company.

The Principal Officer shall ensure that in respect of transactions as mentioned in preceding para, the following details are duly recorded:

- (i) the nature of the transactions;

- (ii) the amount of the transaction and the currency in which it was denominated;
- (iii) the date on which the transaction was conducted; and
- (iv) the parties to the transaction.

Further, the Principal Officer shall be required to maintain and preserve above-said records and information in such a manner that allows easy and quick retrieval of data as and when requested by the competent authorities, for a period of at least ten years from the date of cessation of the transactions between the client and company.

- Rights & powers of Principal officer : The Principal officer shall have timely access to customer Identification data and other CDD information and he shall be able to report to senior management of the organisation or Board of Directors of the Company

For the purpose of clause (d) above, an illustrative list of the circumstances / transactions which shall be deemed to be giving rise to suspicion, is given herein below:

- a) Clients whose identity verification seems difficult or clients appear not to cooperate
- b) Substantial increase in activity without any apparent cause
- c) Large number of accounts having common parameters such as common partners / directors / promoters / address / email address / telephone numbers / introducers or authorized signatories;
- d) Transactions with no apparent economic or business rationale
- e) Sudden activity in dormant accounts;
- f) Source of funds are doubtful or inconsistency in payment pattern;
- g) Transfer of investment proceeds to apparently unrelated third parties;
- h) Multiple transactions of value just below the threshold limit specified in PMLA so as to avoid possible reporting;
- i) Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- j) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- k) Purchases made on own account transferred to a third party through off market transactions through DP Accounts;

- l) Suspicious off market transactions;
- m) Large deals at prices away from the market.
- n) Accounts used as 'pass through'. Where no transfer of ownership of securities or trading is occurring in the account and the account is being used only for funds transfers/layering purposes.
- o) Trading activity in accounts of high-risk clients.
- p) Details of debit and credit transactions due to off market or inter depository transfers, involving 1,00,000 shares or more or having value of Rs 10,00,000/- and above, whichever is smaller in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- q) Details of debit and credit transactions due to demat, remat and pledge involving 1,00,000 shares or more in an account in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- r) Details of debit and credit transactions involving 1,00,000 shares or more or having value of Rs 10,00,000/- and above, whichever is smaller in an account, in an ISIN, which exceed 3 times the average size of transaction calculated for the previous months' transactions.
- s) Details of off market transactions where there are more than 100 transactions in and account for the past fortnight.
- t) Any debit transaction in a dormant account for more than 100000 shares or Rs 10,000,00/- which ever is smaller, will be reported as an alert. An account having no Debit Transaction in the last 6 months will be considered as Dormant account for this purpose.

### 3. Reporting of transactions to FIU

The Principal Officer shall be required to ensure timely submission of following reports relating to cash and suspicious transactions, in the formats as may be prescribed from time to time,

(a) The Cash Transaction Report (CTR) (wherever applicable) for each month by 15<sup>th</sup> day of the succeeding month.

(b) The Suspicious Transaction Report (STR) -within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally or remotely connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. Further, the Principal Officer shall be required to ensure that there is no undue delay in arriving at such a conclusion.

The Principal Officer shall maintain utmost confidentiality in filing of said CTR and STR reports. The said reports shall be transmitted by the Principal Officer by speed/registered post/fax at the following address:

Director, FIU-IND,  
Financial Intelligence Unit-India,  
6<sup>th</sup> Floor, Hotel Samrat,  
Chanakyapuri,  
New Delhi-110021

Further, the Principal Officer shall ensure that there are no restrictions on operations in the accounts where an STR has been made. Further, the Principal Officer shall also ensure that there is no tipping off to the client at any level.

#### 4. Procedure for acceptance of a new Customer

The department responsible for registration of new clients for the Company shall be required to ensure due compliance of following procedure before providing trading client code to a new constituent:

That all of the clients duly complete the formalities relating to client registration as provided in KYC norms, as in force from time to time. The person in charge of client registration department must also keep track of additional requirements prescribed by regulators e.g. RBI & SEBI from time to time in this regard and ensure compliance thereof.

That sufficient documentary evidence is collected from the proposed constituent which establishes Identity and address of such constituent beyond any reasonable doubt.

That all the copies of supporting documents are matched with the originals.

That a copy of PAN is taken from each constituent, which has been verified with the original and cross checked with the data available on Income-tax Website. In case of any mismatch, the account must not be opened.

That the signature of constituent on Client Registration Form are matched with the signature given on the PAN Card or any other proof as may be submitted by the constituent and in case of any mismatch the account is opened only if the explanation for such mismatch is found to be reasonable on the basis of further documents e.g. Banker's Signature Verification, as may be submitted by the constituent.

In a nutshell, the following safeguards are to be followed while accepting the clients:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address,

correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.

d) Ensure that an account is not opened where we are unable to apply appropriate CDD measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided to us is suspected to be non genuine, or there is perceived non co-operation of the client in providing full and complete information. We shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. We shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

e) The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

f) Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

(g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

(h) Reliance on third party for carrying out Client Due Diligence (CDD)  
We may rely on a third party for the purpose of

(a) Identification and verification of the identity of a client and

(b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

ii. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

## 5. Client Due Diligence

That sufficient information has been obtained to identify persons who shall beneficially own or control the trading account, whenever it is apparent that the securities proposed to be acquired through the account are likely to be beneficially owned by entity(ies) other than the client in whose name the account is proposed to be opened. Verify the customer's identity using reliable, independent source documents, data or information;

That the constituent has provided information about the fact whether he has got any criminal background and whether he has been at any point of time been associated in any civil or criminal proceedings anywhere. In case the client is found to have a criminal background, than such a client must not be registered without specific permission from the management, which shall exercise due caution before allowing any client to trade through the Company.

That no person is registered as constituent/client who has been banned from trading in the stock market.

That the client has submitted sufficient documentary evidence to prove his financial standing.

That sufficient information has been taken from the client to ensure that the client is genuine and objectives of his proposed trading activities are legitimate and bonafide.

In case a proposed constituent is found to be reluctant in providing required information, than additional measures are employed to verify identity as well genuineness of such constituent.

Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted; and verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to customer.

That the account for clients which have been introduced by company's' employees are opened only after due permission from respective head of the department or management, as the case may be.

That the proposed constituent has been clearly informed that the volumes of trading transactions that shall be allowed to the constituent from time to time, shall solely depend upon the financial standing and amount of margins deposited by the constituent.

That for the purpose of internal controls and due diligence exercise the constituent has been categorized as low, medium or high risk on the basis of clients' location (registered office address, correspondence addresses and other addresses if applicable), proposed nature of business activity, trading turnover, and manner of making payments. The department in charge shall record reasons in writing for categorizing any client as low, medium or high risk.

Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement

Conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds

To update all documents, data or information of all clients and beneficial owners collected under the CDD process once in a year.

That to proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS. Further, the enhanced CDD measures as outlined shall also be applicable where the beneficial owner of a client is a PEP.

That to obtain senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.

That to take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP".

That the client shall be identified by using reliable sources including documents / information, and shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by us in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.

Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the organisation.

#### 6. Review of list of existing clients to ensure compliance of PMLA Guidelines

The department responsible for registration of new clients for the Company shall be required to ensure the following with respect all of the existing constituents of the company:

That the KYC details of all the existing active clients are reviewed in context to the PMLA 2002 requirements (as mentioned in Para 4 above).

That all the clients are classified into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories etc.

That annual financial statements are obtained from all the clients, particularly those in high risk categories; and

That in case of non individuals, additional information is obtained about the directors, partners, dominant promoters, major shareholders.

For the purpose of categorization as envisaged herein above, the clients matching any of the following descriptions shall be compulsorily categorized as a "High Risk Client" / "Clients of Special category (CSC)" :

Non resident clients

High net worth clients,

Trust, Charities, NGOs and organizations receiving donations

Companies having close family shareholdings or beneficial ownership

Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP shall also be applied to the accounts of the family members or close relatives of PEPs

Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)

## Companies offering foreign exchange offerings

Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.

Non face to face clients

Clients with dubious reputation as per public information available etc.

### 7. Risk based approach

The department responsible for Surveillance and Risk Management shall duly ensure that the testing techniques being employed by it to judge the fairness and risk-element contained in clients transactions are commensurate with the category to which that particular client pertains. The level of checking required for verifying clients' transactions in High Risk Category has to be much more stringent than that required for clients falling in other categories.

The department shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment will be on the basis of country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions

The department shall check the updated list regularly on the following websites.

[http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml) and  
<http://www.un.org/sc/committees/1988/list.shtml>).

### 8. On-going training to Employees

The Principal Officer of the Company shall ensure that the contents of this policy guidelines are explained to all the concerned staff members of respective departments (including staff working under branches and sub-brokers), whose responsibilities have been spelled out in this policy documents. For the purpose, a copy of this document may be supplied to all concerned under acknowledgement from each of them. The Principal Officer must also apply such tests e.g. cross questioning from respective officials, to ensure himself/herself that the staff members have actually understood the meaning and intent of this document.

Likewise any amendment in PMLA Guidelines, if any, must be brought to the notice of all concerned without any delay.

Further, the personnel department shall ensure that contents of this documents (including amendments, if any) are explained in detail to all of those concerned officials, who shall made responsible for compliance of this document or who shall be joining this organisation, herein after.

#### 9. Audit/testing of Anti Money Laundering Program.

The Internal Audit Team (which must not include Principal Officer as a part of it) of the Company shall apply suitable measures to ensure the reasonableness and effectiveness of internal guidelines as spelled out in this document, at such intervals as he/she may find reasonable, not being a period of more than six months. The audit procedures must be suitable enough to highlight such discrepancies in these guidelines / implementation of these guidelines, which may lead to non-compliance of provisions as contained in PMLA and/or rules and regulations framed there under.

The internal audit team shall place their report before the Board of Directors of the company at the meeting to be held immediately after completion of respective audit program, for perusal and necessary action at the end of Directors.

#### 10. Retention of Records

All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence shall also be kept for the same period.

#### 11. Cash Transaction Report

(A) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.

(B) All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.

(C) Due Date to furnish the information of the cash transactions of a month to Director, FIU-IND by the 15th day (Substituted for the 7th day by Notification No. 15/2005 dated 13-12-2005) of the succeeding month

#### 11: Hiring of Employees

To maintain adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the

size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

## 12: Investor Education

Implementation of AML/CFT measures requires us to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for us to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. We shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT program.

## 13. List of Designated Individuals/Entities

We shall ensure that accounts are not opened in the name of anyone whose name appears in the list. Registered intermediaries shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions available at <http://www.un.org/sc/committees/1267/consolist.shtml>.

Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately intimated to SEBI and FIU-IND.

## 14. Procedure for freezing of funds, financial assets or economic resources or related services

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The obligations to be followed to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.

## 15. Designation of an officer for reporting of suspicious transactions

The Compliance officer and principal officer is designated for reporting of suspicious transaction. Detail of the officer is mentioned below:

Name : Mr. Nishant Jain  
Designation : Director / Compliance officer  
Address : 4<sup>th</sup> Floor, Baid House, 1 Tara Nagar, Ajmer Road, Jaipur  
Email : [compliance@tradeswift.net](mailto:compliance@tradeswift.net)  
Phone : 0141-4050505/2221234  
Fax : 0141-4050506  
Mobile : 9829156005/9828072000

## 16: Appointment of Designated Director

Following person is appointed as designated director to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules

Name : Mr. Sandeep Kumar Jain  
Designation : Director  
Address : 4<sup>th</sup> Floor, Baid House, 1 Tara Nagar, Ajmer Road, Jaipur  
Email : [compliance@tradeswift.net](mailto:compliance@tradeswift.net) / [contact@tradeswift.net](mailto:contact@tradeswift.net)  
Phone : 0141-4050505/2221234  
Fax : 0141-4050506  
Mobile : 9828072000 / 9829156005

## Surveillance Policy and Procedures

As per the requirement of Regulators our Compliance Officer, Mr. Nishant Jain, is in-charge of surveillance related all activities.

The main objective of surveillance is to stop suspicious and manipulated trading activity by individual or group of individuals on the exchange platform.

**1. Receipt of Alerts from Exchange** : As per the circulars issued by the exchanges the trading member will receive certain alerts from the exchange on daily/monthly basis as mentioned below :

Transactional Alerts	Segment
. Increase in client trading activity from previous month	Cash
. Significantly increase in client activity	Cash
. Sudden trading activity in dormant account	Cash
. Clients/Group of Client(s), deal in common scrips	Cash
. Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
. Client(s)/Group of Client(s) dealing in scrip in minimum lot	Cash
. Client / Group of Client(s) Concentration in a scrip	Cash
. Circular Trading	Cash
Pump and Dump	Cash
Wash Sales	Cash & Derivatives
Reversal of Trades	Cash & Derivatives
Front Running	Cash
Concentrated position in the Open Interest / High Turnover concentration	Derivatives
Order book spoofing i.e. large orders away from market	Cash

### **2. Analysis of Client(s) transaction(s)/alert(s) :**

On receiving the said alerts from the exchange we shall analyze each and every alerts with the information available with us. In order to analyze/verify such alert we shall examine trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts.

a) We may seek written explanation/undertaking from such identified Client(s) / Group of client(s) for entering in to such transactions.

b) We also ask for documentary evidences such as Bank statement /Demat transaction or holding statement within the period of such transactions or more than that. We may also ask for financial Details of the client such as income tax return , salary slip , Annual returns etc.

After analyzing the documentary evidences, such as the bank / demat statement or any other documents relevant to the said alert/transaction, we shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case any adverse observations are recorded, We shall report all such instances to the Exchange.

### **3. Time frame for disposition of alerts :**

In case adverse observations/alerts are recorded, we shall report such instances to the Exchanges within 45 days of alert generation. In case there is delay, we shall seek extension of the time period from the exchange after giving proper reason for delay.

### **4. Suspicious / Manipulative activity identification and reporting process :**

After analysis of the transaction/alerts, documentary evidences and information available with us. We shall identify the suspicious / manipulative transactions of any of the client /group of clients, if any and shall report the same to the exchange within the prescribed time limit Further we may stop/banned client for doing further trading at our end.

### **5. Record maintenance:**

We shall maintain and keep all such records and documentary evidences that have been analyzed/taken by us either In soft copy or In hard copy for the time period as prescribed by the regulatory authority. We shall produce such records as and when asked by exchanges or by the regulatory authority.