



## Surveillance Policy

BSE/NSE/CDSL

With Effect from 30<sup>th</sup> July 2022

### A. Background:

We along with our Employees/Branch-Offices/Sub-Brokers/Authorized Persons are the first touch point in the securities market for investors and are expected to have reasonably fair understanding about their client(s) and its trading activity. Thus, Exchanges/regulators have entrusted on us the first level of the responsibility to ensure that neither us nor our client(s) are misusing the trading system by indulging in manipulation or any other illegal activities which can cause risk to the integrity of the market and distorts the equilibrium of the market.

### **Objectives of framing a surveillance policy covering**

- Alerts to be generated.
- Threshold limits and the rationale for the same.
- Review process in every 6 months.
- Time frame for disposition of alerts and if there is any delay in disposition, reason for the same should be documented.
- Suspicious/Manipulative activity identification and reporting process.
- Record Maintenance.

### B. Surveillance framework:

It is mandatory under the exchange/regulatory directives to have in place appropriate Surveillance Policies and Systems to detect, monitor and analyze transactions. For the above we have to co-relate the transaction data with their clients' information/data and Detect suspicious/manipulative transactions is an ongoing continuous process with analysis of trades and transactions and carrying out Client Due Diligence (CDD) on a continuous basis.

In-order to implement the exchange/Depository directives, they have provided us following alerts which have to be reviewed by us in every 6 months. In addition to this we have also developed in-house surveillance software. Both types of alerts are processed within 30 days as DP and 45 days as stock broker from the date of alerts downloaded by the Exchanges/Depository as well as alerts generated by our end. The details of both these have been enumerated below:

#### 1. EXCHANGE ALERTS

Sr.No.	Transactional Alerts	Segment
1	Significantly increase in client activity	Cash
2	Sudden trading activity in off market account	Cash
3	Clients / Group of Client(s), deal in common scrips	Cash
4	Client(S) / GFOUD of Client(S) is Con Cent Fated in low illiquid	Cash

For WALLFORTH FINANCIAL SERVICES LTD  
Authorized Signature / Director

	Client / Group of Client(s) dealing in scrip in quantity lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Reversal of Trades	Cash
		Derivatives
10	Front Running	Cash
	Concentration	Derivatives
12	Order book spoofing i.e. large orders away from market	Cash

CDSL/NSDL Alerts:

Sr. No.	Indicative themes:
1	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.
2	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client.
6	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
8	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 in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

**II. IN-HOUSE ALERTS**

1. Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
2. Client / group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
3. Client / group of clients dealing frequently in small quantities/minimum market lot in a scrip /contract.
4. Disproportionate trading activity vs reported income / Net worth.

FOR WALLFORTH FINANCIAL SERVICES LTD

Authorized Signatory / Director

5. Frequent changes in KYC submitted by clients.
6. Based on an announcement by a listed company, identify Client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
7. Client / group of clients having significant selling concentration in the scrips, forming part of 'For information list' or 'Current Watch list'.
8. Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities.
9. Significant trading activity in scrips by client who has pledged the shares of same scrip.
10. In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis a vis the dealing office address.

**11. Related to DP Operation:**

Significant trading activity in scrips where client has pledged shares or has significant holding or as frequent off-market transactions.

**12. Related to Internet based Trading:**

Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)

**C. Obligation w.r.t. client due diligence:**

1. We will carry out the Due Diligence of their client(s) on an on-going basis.
2. We shall ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. We shall also ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in Depository System.
3. Based on available information, we shall establish groups / association amongst clients, inter alia, to identify multiple accounts / common account / group of clients.

**D. Obligations**

**I. w.r.t. processing of alerts:**

1. We shall obtain trading rationale and necessary documentation including bank statements, demat statements for analysing / processing the alerts.
2. After analyzing the documentary evidences, we shall record its observations for such identified transactions of its Client / Group of Clients.
3. With respect to the transactional alerts downloaded by the Exchange, we shall ensure that all alerts are analyzed and status thereof (Verified & Closed / Verified & Sent to Exchange) including action taken is updated within 45 days, in the Member Surveillance Dashboard.
4. With respect to the alerts generated, we shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.

FOR WALLFORD FINANCIAL SERVICES LTD



## II. W.r.t. DP Operations:

1. We will maintain register (electronic/physical) for recording of all alerts generated.
2. While REVIEWING BY EVERY 6 MONTHS alerts, we shall obtain transaction rationale, verify demat statement and also obtain supporting documents as required from the client.
3. After verifying the documentary evidences, we will record its observations for such identified transactions of its Client.
4. With respect to the transactional alerts provided by Depository, we shall ensure that all alerts are reviewed by every 6 months, and status thereof (Verified & Closed / Verified & Reported to Depository) including action taken is updated within 30 days. Detailed procedure w.r.l sharing of alert by Depository with DPs and report submission by DPs in this regard will be provided separately.
- s. With respect to the alerts generated at the our end, we shall report instances with adverse observation, along with details of action taken within 7 days of the date of identification of adverse observation.

## E. Obligation of Compliance officer, Designated Director / Partners / Proprietors:

1. The surveillance activities shall be conducted under overall supervision of its Compliance Officer.
2. A quarterly MIS shall be put up to the Designated Director / Partners / Proprietor 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 Designated Director / Partners / Proprietor shall be apprised of any exception noticed during the disposition of alerts.
3. Designated Directors / Partners / Proprietor would be responsible for all surveillance activities carried out.

## F. Obligation of Quarterly reporting of status of the alerts generated to Exchanges/Depository:

We will provide duly approved status of the alerts on a quarterly basis, in the prescribed format to the Exchange/Depository within 15 days from end of the quarter

## G. General:

1. A daily reporting of the alerts to the designated director/Partner/Proprietor and principal officer.
2. Quarterly MIS to the Board of Directors/Partner/Proprietor if there are alerts as to the number of alerts received, disposed off during the quarter and pending at the end of the quarter and the reasons for pendency should be discussed and appropriate action taken for disposing of the alerts.
3. The surveillance process to be conducted under overall supervision of its Compliance Officer/Principal Officer. Compliance Officer of the Company and their team would be to be responsible for all surveillance activities carried out for the record maintenance and reporting of such activities under the supervision of the Designated Director.
4. Internal auditor shall review the surveillance policy in every 6 months, its implementation,
5. 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.

For WALLFORTH FINANCIAL SERVICES LTD

Authorized Signature / Director

6. This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.

The above Policy was approved by the *Board* of Directors/Partners/Proprietor at its Meeting held on 13th APRIL, 2025

For and on behalf of  
Wallfort Financial Services Limited

  
Deepak Lahoti  
Whole time Director & CFO  
(DIN-01765511)

Prepared by Principal officer : Mr Sunil Bharadia  
Reviewed By Designated Director: Mr Deepak Lahoti



For WALLFORT FINANCIAL SERVICES LTD  
  
Authorised Signature / Director



**WALLFORT**  
Financial Services Ltd.

**Standard Operating Procedure {Sop} to evaluate and close WFSL alerts**

The following is the list of parameters under which WFSL alerts:

1. Verification of off market transfers in the demat accounts along with the reasons given for off market transfers
2. Demat Accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts or newly opened demat accounts and /or sudden Increase in transactions activities in short span of time
3. Suddenly holding in demat account becomes zero and/or demat account becomes dormant after some time or frequent Off-Market transfers by a client in a specified period
4. New demat account opened wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or demat account becomes dormant after some time or frequent Off-Market transfers by a client in a specified period
5. Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
6. Disproportionate activity vs reported income / Net worth
7. Significant trading activity in scrips by client who has pledged the shares of same scrip

The following due diligence shall be carried out on an on-going basis for processing and closing the alerts generated under above parameters

- i. WFSL team shall provide all necessary information/documentation including forms { KYC, modification form, DIS, DRF, transmission forms etc}, bank statements, demat transaction

For WALLFORT FINANCIAL SERVICES LTD

*Authorized Signature / Director*



# WALLFORT

Financial Services Ltd.

- statements , ITR, internal approvals , call logs etc to the surveillance for analyzing / processing the alerts.
- ii. Surveillance team shall on the basis of information/document received shall evaluate and close alert.
  - iii. Surveillance team during its evaluation process it may seek from client and /or branch additional information/clarification to close the alert.
  - iv. In case of any further action required Surveillance team shall inform the concerned department and /or Head of Department.
  - v. In case any transaction pattern is found abnormal or repeated trend it may be evaluated further and if required surveillance team may escalate to Head of Department and/or management.
  - vi. After closure of the alert , summary of the same and documentary evidences, shall be taken on record evaluation as to how the alert was dealt and marked for closure

The following would be timelines and reporting methodology to process and close the alerts :

- i. Surveillance alerts/reports as generated whether inhouse or as provided by CDSL shall be sent to Surveillance team for further evaluation.
- ii. Surveillance team shall thereafter evaluate and seek information/documents within 1 working day of receipt of the alert.
- iii. Respective teams such as demat, kyc, operations, eWFSL, settlement , RMS should provide required information to surveillance team on same day and on exceptional basis on next day.

For WALLFORT FINANCIAL SERVICES LTD

  
Authorised Signature / Director



**WALLFORT**  
Financial Services Ltd.

- iv. Surveillance team to process viz. evaluate and share summary to the Head of Department and/or management within 1 working day on receipt of the data. The maximum timeline to close the alert would be 5 working days.
- v. As part of maker and checker WFSL alerts
  - a. All documents/information shall be provided by WFSL team as a Maker
  - b. All documents/information would be verified by Surveillance as a Checker
- vi. With respect to any WFSL transactional alerts, it shall be ensured that all alerts are analyzed and status thereof including action taken is updated within such time frame as stipulated by CDSL.
- vii. In case of any account has to be refrained from further activities same would be under intimation to Head of Department and/or management.
- viii. Surveillance team shall place a quarterly MIS shall be put up to the Director 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 and summary of the alerts as to how it was dealt
- ix. The above referred quarterly MIS and summary shall also be placed before Board of Directors
- x. Surveillance team or Compliance officer shall report to the management, exceptions and / or delays noticed during disposition of alerts.
- xi. Surveillance team to ensure that all records referred to evaluate and close are maintained in a proper manner.

For WALLFORT FINANCIAL SERVICES LTD.

*[Handwritten Signature]*  
Authorized Signature / Director