



Principal Officer: Mr. Punit Arora
Designated Director: Ms. Neetu Arora
Policy Review Date: 28-07-2025

Standard Operating Procedure (SOP) for processing of Surveillance Alerts

Background:

The objective of this policy to Prepare Standard Operating Procedure (SOP) for processing of surveillance alerts (which includes alerts generated at our end as well as alerts generated by Depository/Stock Exchange).

It includes alert generation parameters, establishing timelines for response, outlining escalation procedures, and any other essential processes related to alert handling.

Process of processing of Surveillance Alerts:

In view of the above, we endeavor to frame Standard Operating Procedure (SOP) for processing of surveillance alerts and the manner of disposal of the same:

- i) Receiving / Generation of Alerts:
 - a. Received / Download of Alerts from Exchanges / Depository.
 - b. Generate alerts from our system (Generate the surveillance alerts as guided by the indicative themes as per our Surveillance Policy)
 - i. Client / group of clients, as identified by us, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
 - ii. Client / group of clients with new account or clients dealing after a significant time gap, as identified by us, accounting for a significant value/ percentage of the total trading activity in a scrip / contract as compared to the market.
 - iii. Client / group of clients dealing frequently in small quantities / minimum market lot in a scrip / contract.
 - iv. Disproportionate trading activity vs reported Income / Net worth.
 - v. Frequent change in the KYC submitted by clients.



- vi. Based on the 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 the said listed company.
 - vii. Client / group of clients having significant selling concentration, in the scrips, forming part of “For Information List” or “Current Watch List”.
 - viii. Consistency in profit / loss at client / group of clients’ levels, rational for such trading activities.
 - ix. Significant trading activity in scrips by client who has pledged the shares of same scrip.
 - x. 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 the client’s address as per KYC vis a vis the dealing office address.
 - xi. Additional themes applicable in case of having the membership of Depository Participant - Significant trading activity in scrips where the client has pledged shares or has significant holding has frequent off-market transactions.
 - xii. Additional themes applicable in case of providing the facility of Internet based Trading - Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location).
 - xiii. Securities under Insolvency and Bankruptcy Code (IBC) / Inter-Creditors Agreement (ICA) – As per the joint surveillance meeting of SEBI and Exchange dated 20th May, 2022 – Additional Surveillance measures adopted for the securities under IBC / ICA.
- ii) Review of the Alerts based on below parameter:
- a. Type of alert received / downloaded from the Exchange / Depository.
 - b. Financial details of the client.



- c. Obtain trading rational, while analyzing / processing the alerts.
 - d. Past Trading pattern of the clients/ client group.
 - e. Bank / Demat transaction details and obtain necessary documents as required from the client
 - f. Other connected clients in TM's UCC (common email/ mobile number/ address, etc.)
 - g. Other publicly available information.
- iii) Maker – Checker Concept:
- a. Maker – Checker concept must be implemented in the processing of Surveillance Alerts.
 - i. Maker obtained the parameter need to review the alerts.
 - ii. Checker finalized the Disposal process of Alerts.
- iv) Escalation Procedure
- a. In case documents / information not obtained from the clients for review purpose.
 - b. Not complete the disposal of alert process within timelines.
 - c. Issue in retrieval of any other required information / documentation needs for disposal of Alert.
 - d. Then, such matter escalates to the Senior Management for taking the appropriate action and faster process of disposal of alert.
- v) Disposal of Alerts:
- a. If any concern seen post inquiry/ receipt of explanation from client, we forward the alerts to the Exchange / Depository with comments if any and documents deemed relevant.



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- b. Disposal of alerts within 30 days from the date of alerts generated at our end and alerts provided by Depository / Stock Exchange.

Above said Standard Operating Procedure (SOP) for processing of surveillance alerts are reviewed by us on regular basis to keep it updated by the compliance officer.

For RS WEALTH MANAGEMENT PVT. LTD.

Director