

FARSIGHT SECURITIES LTD.

H.O.: 17A/55, WEA, TRIVENI
PLAZA, GURUDWARA ROAD,
KAROL BAGH,
NEW DELHI – 110 005

Policy created by	Operational staff and Compliance Officer
Policy reviewed by : Compliance Head	Policy reviewed on : 30-06.2026
Approval authority	Chairman – Dr. Naresh Maheshwari
Policy approved on : 30-06-2026	Previous Review : 17.04.2024
Periodicity of Review periodicity : Yearly	Last reviewed on : 04.08.2024
Version number : S P - 2 -2026	Policy on Website : Yes

SURVEILLANCE POLICY

Surveillance Policy for Stock Broking & Depository Participant Operations

Revision note: This policy has been updated to align with SEBI's Master Circular on Surveillance of Securities Market (Ref. No. HO/43/15/12(3)2025-ISD-POD2/I/11734/2026 dated 15th May 2026, originally issued March 23, 2023, last updated May 15, 2026), which supersedes the previously cited SEBI Circular SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126 dated September 23, 2024. The updated Master Circular consolidates additional provisions on (i) a financial disincentive framework for surveillance-related lapses at Market Infrastructure Institutions, (ii) exemption of Non-Convertible Securities subscriptions from trading window closure, and (iii) extension of the PAN-ISIN trading window freeze mechanism to Designated Persons' immediate relatives. These three provisions operate at the level of Stock Exchanges, Depositories (NSDL/CDSL) and listed companies and do not alter the alert-based surveillance obligations of a Trading Member/Depository Participant such as Farsight Securities Limited; accordingly, the substantive alert criteria, escalation process and reporting obligations set out below remain unchanged, and only the underlying circular reference has been updated.

The BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Central Depository Services Limited (CDSL) vide its circular dated July 1, 2021 BSE Notice No 20210701-30, NSE Circular No.: 452/2021 and CDSL Communique dated July 15, 2021, Ref. No.: CDSL/OPS/DP/SYSTM/2021/309 & CDSL/SURV/DP/POLCY/2023/88, read with SEBI's Master Circular on Surveillance of Securities Market (Ref. No. HO/43/15/12(3)2025-ISD-POD2/I/11734/2026, last updated May 15, 2026, which supersedes SEBI Circular SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126 dated September 23, 2024), have directed the Trading Member / Depository Participant to frame a surveillance policy for effective monitoring of the alerts based on trading / demat activity on the Exchanges / Depository as well as own alerts generated by the trading member / DP at their end based on their surveillance policy and suitable actions. Trading Member / DP are directed to have proper mechanisms and to ensure that proper checks and balances are in control.

The policy is applicable to the stock broking operations and depository participant (DP) operations of Farsight Securities Limited. The policy is approved by the Board of Directors of Farsight Securities Limited.

OBJECTIVES OF FRAMING A SURVEILLANCE POLICY COVERING

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 analyze 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.

- Alerts to be generated.
- Threshold limits and the rationale for the same.
- Review process Alert.
- 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.
- Obligation of trading member /Depository Participant with respect to client due diligence.
- Quarterly reporting of alerts.

A-BACKGROUND-Surveillance framework:

National Stock Exchange vide circular no. NSE/INVG/22908 dated March 7, 2013, intimated that the Exchange would be downloading the following alerts based on the trading activity of the client for facilitating the effective surveillance mechanism and directed the stock brokers to frame a surveillance policy for the same. The surveillance policy shall cover the maintenance and disposition of alerts received from exchanges.

EXCHANGE ALERTS

Sr. No.	Transactional Alerts	Segment
1	Significantly increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), deal in common scrip	Cash
4	Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	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 (Pump-and-dump= involve the touting of a company's stock (typically small, so-called <microcap= companies) through false and misleading statements to the marketplace.)	Cash
9	Wash Sales (A wash sale is trading activity in which shares of a security are sold at a loss and a substantially identical security is purchased)	Cash & Derivatives
10	Reversal of Trades	Cash & Derivatives
11	Front Running (Execution of orders in a security for its own account by the member while taking advantage of advance knowledge of orders from its customers)	Cash
12	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from market	Cash

IN-HOUSE ALERTS

S. No	Transactional Alerts
1	Client / group of clients, as identified by the trading member, accounts 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.
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	Own alerts - Obligation of Depository Participants to generate Own Surveillance Alerts:
12	Illiquid Stock Traded - NSE/BSE/MCX
13	Restricted PAN Client Traded
14	Inter Broker Match Trade – NSE/BSE/MCX
15	First and Last traded price are higher than the previous day closing price
16	Fund Received from Non-Clients
17	Sudden Increase in MTF Exposure

B-OBLIGATION W.R.T. CLIENT DUE DILIGENCE:

We shall carry out following activities for client due diligence

- 1-We shall 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 and Depository system.
- 3-Analyzed/verify details of client/BO's income / net worth and shall also ask updation of financial details of the client/BO such as income tax return, salary slip, Annual returns, bank or demat transaction/holding statement etc.
- 4-We shall seek written explanation/undertaking from such identified Client/BO(s) / Group of client(s) for entering such transactions and also ask for documentation evidence provided as per mentioned in above.
- 5-We shall identify transactions by Client(s) / Group of Client(s) and in case any adverse observations are recorded, we shall report all such instances to the Exchange/Depository.
- 6-Not allowing trades of entities which are banned by SEBI/Exchange/other regulators. This database is verified by the KYC team before client account is activated and by RMS team before allowing trading to clients.
- 7-Trading is allowed to commence only after execution of the client registration form and all the mandatory Unique Client Code (UCC) parameters such as Name, Address, PAN No. etc., have been uploaded by us to the Exchange portal.
- 8-Likewise, demat account numbers are provided to the demat account holders only after obtaining the Client registration forms and activating the same into the DP system.
- 9-We need to review and examine the details of client's transaction/activities as per following steps:
 - a- Reasons for trading in particular scrip – especially illiquid scrip and /or illiquid contracts.
 - b-Whether such volume is justified give the background of the client and his past trading activity.
 - c-Reasons for such trading behavior, trading pattern and repeated instances.
 - d-If any clients change its KYC details frequently than in this case details to be check and verification of such changes is normal or abnormal and also collect necessary evidence or proof of changes in KYC details.

C-TIME FRAME FOR DISPOSITION AND REPORTING OF ALERTS:-

Terms used in this Policy

Alerts: Referred as transactional alerts arising due to sudden significant increase in client activity, sudden trading activity in inactive/dormant accounts, clients/groups of clients dealer in common scrips, illiquid scrips, minimum lot size/or single scrip, large orders away from the market, concentrated position in the open interest/high turnover concentration, circular trading, pump and dump, wash sales, reversal of trades, front running.

POLICY TRANSACTIONAL ALERTS

In accordance with the circular no. NSE/INVG/22908 dated March 7, 2013 issued by National Stock Exchange and in order to maintain the records of the transactional alerts received from exchanges or generated at our end, the following steps would be taken to review and dispose the alerts.

1. Review the type of alert downloaded by exchange or generated at our end.
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 etc.
6. Other publicly available information.

On receipt of the above information, analyze the alerts generated and in case of any adverse findings/comments, the same shall be communicated to the Exchange within 45 days from the alert generation.

In case analysis is taking time due to complexity, an extension may be taken from the exchange to review the alert(s). In order to have in-depth analysis of the above transactional alerts, the following due diligence shall be taken:

A. CLIENT(S) INFORMATION

Due Diligence of client(s) would be done on a continuous basis. Client information should be updated at least once a year through periodic review. Financial information also needs to be updated for all active clients and the following relevant documents pertaining to financial details to be obtained from clients.

1. Copy of ITR Acknowledgement
2. Copy of Annual Accounts
3. Copy of Form 16 in case of salary income
4. Net worth certificate
5. Salary Slip
6. Bank account statement for last 6 months
7. Copy of demat account holding statement.
8. Any other relevant documents substantiating ownership of assets.
9. Self-declaration along with relevant supporting.

Addition/ Modification of any parameter (correspondence address, contact details, email id, bank and beneficiary accounts) relating to client should also be updated immediately in the UCI database of exchange and the same shall be updated in back office also.

Based on the above information/documents, identification of groups / association amongst clients to identify multiple accounts / common account / group of clients would be established. Groups to be formed on the basis of details of family/ group/ associate provided by clients during their registration or at the time of periodic review and on the basis of any authorization submitted by the client for adjustment of their balances.

B. ANALYSIS

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on the alerts received from the Exchange, the following information shall be sought from clients:

- i. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions. Letter/ email to be sent to client asking the client to confirm that client has adhered to trading regulations and details may be sought pertaining to funds and securities and other trading pattern.
- ii. Seek documentary evidence such as Bank Statement / Demat Transaction Statement or any other documents to support the statement provided by client.

- a) In case of funds, Bank statements of the Client(s) / Group of Client(s) from where funds pay-in have been met, to be sought. Sources of funds in the bank statements to be verified. In case of securities, Demat account statements of the Client(s) / Group of Client(s) from where securities pay-in has been met, to be sought.
- b) 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.
- iii. After analyzing the documentary evidences, including the Bank / Demat statement, the observations shall be recorded for such identified transactions or Client(s) / Group of Client(s). In case of adverse observations, the same will be reported to the Exchange within 45 days of the alert generation. Extension of the time period from the Exchange will be sought, if required.

In case the client does not cooperate or does not revert within reasonable period, Exchange to be informed based on the information available with the member.

C. MONITORING AND REPORTING

The surveillance process shall be conducted under overall supervision of its Compliance Officer and based on facts and circumstances, he / she is required to take adequate precaution.

Designated directors / partners / proprietor / Compliance Officer would be responsible for all surveillance activities carried out by the Trading Member and for the record maintenance and reporting of such activities. A quarterly MIS shall be put up to the Board/Partners/Proprietor on the number of alerts pending at the beginning of the quarter, 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 would be taken. In case of any exception noticed during the disposition of alerts, the same shall be put up to the Board/Partners/Proprietor.

Internal auditor shall review this 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.

D. APPROVAL AUTHORITY

This policy shall be approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.

SCOPE:

The company shall implement the following policy: -

A. Surveillance Policy for Stock Broking:

The Stock Exchanges viz. NSE and BSE are providing alerts based on predefined criteria to all the stock brokers including Farsight Securities Limited through their portals. As per applicable Circulars, Farsight Securities Limited is reviewing these alerts and taking appropriate actions after carrying out due diligence viz. either

disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR) with FIU-India in accordance with provisions of PMLA (Maintenance of Records) Rules, 2005.

In addition to the same, Farsight Securities Limited Securities Private Limited has framed its Surveillance Policy for Stock Broking to generate alerts as per guidance provided in the following criteria:

1. Trading activity in a single day by one client or group of clients who have contributed more than 25% in a single scrip or a single derivative contract.
2. A client or a group of clients who are either new client/clients or who have reactivated their trading account after a significant time gap and who have contributed more than 50% of the total trading volume of a single scrip or derivative contract in a single day.
3. A client who has submitted a modification request for changes in his/her/its demographic details of address, email id, mobile number, bank details etc. at least twice in a month.
4. A client or a group of clients who have been found to have direct or indirect connection with a listed company and who have executed any transactions prior to any dissemination of any price sensitive information by such listed company.
5. A client or group of clients having more than 20% volume of any scrip listed in the "information list" or "current watch list".
6. A client or group of clients which persistently earn or incur a high amount of loss through their trading activities or clients who appear to have executed trades with the objective of transfer of profits or losses.
7. A client who is holding more than 5% of the paid-up capital of a listed company and has pledged 100% of his/her/its such holding for margin purposes and who also has significant trading volume in the same scrip which he/she/it holds.
8. A client having a demat account with Farsight Securities Limited and who has a holding in a scrip of more than 5% of the paid-up capital of a listed company which has received the same shares through off-market transfer.
9. A client who has received shares of a listed company through multiple off-market transfers and has pledged such shares.
10. The stock broking operation shall review the alerts provided by Stock Exchanges on an ongoing basis and shall ensure to process the same as early as possible. In any case, these alerts will be processed within 15 days from the date of generation of the alert by the Stock Exchanges.
11. In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
12. The stock broking operation shall identify suspicious/manipulative activities undertaken by any client through monitoring of order(s) and trade(s).
13. The stock broking operation shall, in case of reporting of any transaction as STR to FIU-India, evaluate whether any further action is warranted, including suspension of the trading activity of the suspect client(s), and reporting to Stock Exchanges/SEBI and/or other Regulatory Authorities.
14. The stock broking operation shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2005, and Securities Contracts (Regulation) Rules, 1957 and any other directions as may be issued by SEBI/Stock Exchanges from time to time.

B. Surveillance Policy for operations as Depository Participant:

CDSL is providing transactional alerts on a fortnightly basis based on thresholds defined by CDSL to all the Depository Participants including Farsight Securities Limited through the CDSL report download utility. As per applicable Communiqués, Farsight Securities Limited is reviewing these alerts and taking appropriate actions after carrying out due diligence viz. either disposing off alerts with appropriate reasons/findings recorded or filing Suspicious Transaction Report (STR) with FIU-India in accordance with provisions of PMLA (Maintenance of Records) Rules, 2005.

In addition to the same, Farsight Securities Limited has framed its Surveillance Policy for Depository Participant operations to generate alerts as per guidance based on the following criteria:

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 Participant.
2	Alert for communication (emails/letter) sent on registered Email ID/address of clients that 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 the 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 there is a sudden increase in transaction activities in a short span of time and the holding in the demat account suddenly becomes zero or the 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.

- The DP shall identify suspicious/manipulative activities undertaken by any client through monitoring of transaction(s).
- The DP shall, in case of reporting of any transaction as STR to FIU-India, evaluate whether any further action is warranted, including disassociating with the suspect client(s) and reporting to CDSL/SEBI and/or other Regulatory Authorities.
- The DP shall maintain records for a such period of eight years as is prescribed under PMLA (Maintenance of Records) Rules, 2005, Securities Contracts (Regulation) Rules, 1957, SEBI

(Depositories and Participants) Regulations, 2018, DP Operating Instructions and any other directions as may be issued by SEBI/Stock Exchanges from time to time.

- Appropriate action will be taken in case any abnormal or suspicious transaction is detected, and the same will be reported to CDSL.

C. Process of disposal of alerts and action:

15. The designated officials who are tasked to review the alerts on a daily basis shall review the same.
16. If the designated official finds, after review and due diligence, that the alert is required to be closed, the official shall close the same with appropriate reasons/findings recorded.
17. If the designated official, after due diligence and making such inquiry as such official finds necessary, comes to a conclusion that the alert warrants action, the official will forward the same with his/her views to the Compliance Officer for his/her approval.
18. The Compliance Officer, after review of the alerts along with the submitted comments of the designated official, decides to close the alert; he/she shall close it with appropriate remarks. If the Compliance Officer finds that action in respect of such alert is warranted, he/she shall take such actions including filing STR with FIU-India, informing the Stock Exchanges and CDSL, and/or discontinuing the relationship with the client.
19. In any case, these alerts will be processed within 30 days from the date of generation of the alert by CDSL. With respect to alerts generated at the DP end, the DP shall report instances with adverse observations, along with details of action taken, to CDSL within 7 days of the date of identification of the adverse observation. Detailed procedure w.r.t. reporting of alerts by Participants will be provided separately.
20. In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
21. The records of alerts generated, disposed of as closed, and details of action taken wherever applicable shall be maintained with such security measures as would make such records tamper-proof, and access shall be available only to designated officials under the supervision of the Compliance Officer.

D. Obligations of Compliance Officer/Designated Director and Internal Auditor of the Stock

Broking Business and Depository Participant operations:

22. The surveillance activities of the stock broking operations and that of DP operations shall be conducted under the overall supervision of the Compliance Officer of Farsight Securities Limited. The policy is implemented by Farsight Securities Limited in accordance with the provisions of the Prevention of Money Laundering Act, 2002 and rules made thereunder, as a Reporting Entity.
23. A quarterly MIS shall be put up by the Compliance Officer to the Board and the Designated Director giving the number of alerts generated during the quarter, number of alerts closed, number of alerts on which action was taken with details of action taken, and number of alerts pending at the end of the quarter along with reasons for pendency and the action plan for closure. The Board as well as the Designated Director shall be apprised of any exception noticed during the disposal of the alerts.

24. The Designated Director shall be responsible for all surveillance activities carried out by the trading member.
25. Farsight Securities Limited shall submit its surveillance policy to the internal auditor for stock broking operations and the internal auditor of DP operations for review, and shall satisfy the queries/questions, if any, raised by the internal auditor with respect to the implementation of the surveillance policy, its effectiveness, and the alerts generated.

E. Obligation of Quarterly Reporting of Status of the Alerts Generated for Stock Broking Operations and Depository Participant Operations:

26. A quarterly statement providing the duly approved status of alerts in respect of stock broking operations shall be submitted to BSE and NSE and MCX in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Trading Member:

Name of Alerts	No. of alerts under process at the beginning of quarter	No. of new Alerts generated in the quarter	No. of Alerts Verified & Closed in the quarter	No. of alerts referred to Exchange / No. of alerts pending

B. Details of alerts referred to the Exchange

Sr. No.	Date of Alerts	Type of Alerts	Brief observation and details of action taken	Date referred to Exchange

C. Details of any major surveillance action taken (other than alerts referred to Exchanges), if any, during the quarter

Sr. No.	Brief action taken during the quarter

27. In case Farsight Securities Limited does not have anything to report, a "NIL Report" shall be filed within 15 days from the end of the quarter.
28. A quarterly statement providing the duly approved status of alerts in respect of DP operations shall be submitted to CDSL in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Depository Participant:

Name of Alerts	No. of alerts under process at the beginning of quarter	No. of new Alerts generated in the quarter	No. of Alerts Verified & Closed in the quarter	No. of alerts referred to CDSL & NSDL / No. of alerts pending

B. Details of any major surveillance action taken (other than alerts reported to CDSL/NSDL), if any, during the quarter

Sr. No.	Brief action taken during the quarter

29. In case Farsight Securities Limited's DP operation does not have anything to report, a "NIL Report" shall be filed within 15 days from the end of the quarter.

Review of Policy:

The Surveillance Policy shall be reviewed on a periodic basis and at least once a year by the Managing Director/ Compliance Officer/Principal Officer to ensure that the same is updated in line with market trends, updated regulations, and practices, including material updates issued by SEBI, the Stock Exchanges and the Depository. The policy may be reviewed by the Managing Director/CEO and place the changes in policy before the Board at the meeting first held after such changes are introduced.

POLICY COMMUNICATION

A copy of the approved policy shall be made available to Compliance officer, Head of risk and Head of Operations.

For FARSIGHT SECURITIES LTD.


Auth. Sign. / Director

Compliance Officer
(Pawan Joshi)