
FARSIGHT SECURITIES LTD.

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Policy created by	Operational staff and Compliance Officer
Policy reviewed by : Compliance Head	Policy reviewed on : 17.04.2025
Approval authority	Chairman – Dr. Naresh Maheshwari
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OBLIGATION SURVEILLANCE POLICY OF DEPOSITORY PARTICIPANT

DPID – NSDL: IN301758 & IN301766 AND CDSL- 12056300

DEPOSITORY PARTICIPANT AND STOCK BROKER OPERATIONS

INTRODUCTION

National Securities Depository Limited National (NSDL) and Central Depository Services Limited(CDSL) CDSL/OPS/DP/SYSTM/2024/341 dated 20th June 2024 and previously issued CDSL Communique No. CDSL/OPS/DP/SYSTM/2021/309 dated July 15, 2021, and NSDL circular No.: NSDL/POLICY/2021/0072 Date: July 15, 2021 and other circulars issued time to time, further Refer to SEBI Circular SEBI/HO/ISD/ISD-PoD-2/P/CIR/2023/039 dated March 23, 2023 and **SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/99 dated 09 July-2024** has directed the Trading Member / Depository Participant to frame a surveillance policy for effective monitoring 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. Depository Participants have been directed to keep proper mechanisms and to ensure that proper checks and balances are in control regarding their surveillance obligations and FARSIGHT SECURITIES LIMITED (Farsight) is framing this policy accordingly

Applicability:

The policy is applicable to the DP Operations of Farsight Securities Limited (Farsight) w.e.f. 01.08.2021. The policy/framework is approved in the meeting of Board of Directors of Farsight held on 22.07.2021 which shall cover the following:

Monitoring of unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication

Social media platforms/ instant messaging services/ VoIP/ blogs/chat forums/e-mail or any such medium by employees of Broking
proper internal controls and do not ensure that proper checks and balances are in place to govern the

conduct of their employees. Due to lack of proper internal controls and poor training, employees of such intermediaries are sometimes not aware of the damage which can be caused by circulation of unauthenticated news or rumours. It is a well-established fact that market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms.

Proper internal code of conduct and controls should be put in place

Employees/temporary staff/voluntary workers etc. employed/working in the offices of market intermediaries do not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other sources without verification.

Access to social media platforms/ instant messaging services/ VoIP / Blogs/Chat forums/ websites/e-mail or any such medium should either be subject to controlled supervision or access not allowed.

Logs for any usage of such social media platforms/ instant messaging services/ VoIP / Blogs/Chat forums/websites/e-mail or any such medium are verified all records and the same maintained as specified by the respective regulations which govern the concerned intermediary.

Employees has directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the Compliance Officer of the concerned Intermediaries. If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act and the Rules / Regulations framed thereunder, and shall be liable for action. The Compliance Officer is held liable for breach of duty in this regard.

Disclosure reporting under the SEBI (Prohibition of Insider Trading) Regulations, 2015

Reference to the requirements of Regulation 6 of PIT Regulations, the disclosures maintained by the company in physical/electronic mode as per the prescribed format as per SEBI circular issued time to time.

Obligation of Depository Participants to generate Surveillance Alerts:.

NSDL / CDSL is providing transactional alerts on weekly basis based on threshold defined by N S D L / CDSL to the all the Depository Participants including Farsight through NSDL/CDSL report download utility. As per applicable Communiqués or circulars, Farsight 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. Now with the implementation of this policy Farsight will generate its own alerts based on following parameters.

Multiple Demat Account with same PAN / Mobile Number / email-ID / Bank Account details / Address having off market transactions inter se.

Whether mails and couriers to parties are returned undelivered frequently?

A BO who has submitted modification request for changes in his / her / its demographic details of address, email-id, mobile number, bank details, POA holder, Authorized Signatory etc. just after opening the account (within 30 days).

Frequent off-market transfer of securities Farsight verifies the genuine reasons. In case of off

market transactions, purpose of transfer, details of consideration, **if applicable**, have to be obtained. Particular care has to be exercised for cash consideration and in cases where value of transaction is more than 5 lakhs; transactions will be verified by the Compliance Manager/Senior Executive in addition to the DP Manager.

Off-market transactions not commensurate with the income/net worth of the BO.

Pledge transactions not commensurate with the income/net worth of the BO.

High value off-market transfer immediately after modification of either email-ID/mobile number/address without genuine reason.

Review of reasons for off-market transfer provided by the BO which appears non-genuine based on its profile of the BO or on account of reason codes, including frequent off-market transfer with reason code gift/donation to unrelated parties and/or with reason code off-market sales and off market transaction < Returned of Loan=.

Sudden increase in transaction activity in a newly opened account in a short span of time. An account in which securities balance suddenly reduces to zero and closed in a short span of time. Opened and an active account with regular transaction suddenly becomes dormant.

The DP shall identify suspicious/manipulative activities undertaken by any client having interest with the Ex-Employee of the Stock Broker/Depository Participant through monitoring of transaction(s).

The DP shall review the alerts provided by NSDL/CDSL on fortnightly basis and shall ensure to process and status thereof (Verified & Closed/Verified & Reported to Depository) as early as possible. In any case, these alerts will be processed within 30 days from the date of generation of the alert by NSDL/CDSL. In case of any adverse finding matter be reported to Depository within 7 days.

In case of any delay in disposing off any alerts, reasons for the same shall be recorded.

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-IND, shall evaluate whether any further action including.

Periodical Due Diligence

Balance sheets (in case of corporate accounts) are reviewed. It may be noted that all Corporate accounts having sufficient net worth. Accounts in DP are periodically reviewed to mark them active /inactive or dormant requiring different level of authorization.

When dealings were observed in select non group <A= shares only, necessary due diligence will be carried out.

Reporting

Within 7 days of identifying any adverse observation

Obligation of Depository Participants to w.r.t. processing of Alerts:

The designated officials who are tasked to review the alerts on daily basis shall review the same.

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 remarks.

If the designated official after due diligence and making such inquiry as such official finds necessary comes to a conclusion that the alert warrants an action, the official will forward the same with his/her views to the Compliance Officer for his/her approval.

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 to Stock Exchanges and NSDL/CDSL and/or discontinue the relationship with the client.

The reports of such instances along with adverse observations and details of actions taken shall be submitted to the NSDL/CDSL within 7 day from date of identification of such instances.

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 temper proof and the accesses available on to designated officials under the supervision of the Compliance Officer.

Obligation of Compliance officer and Internal Auditor/Concurrent Auditor of the Depository Participants NSDL /CDSL

The surveillance activities of the DP (Depository Participants) operations shall be conducted under overall supervision of the Compliance Officer of Farsight. The policy implemented by Farsight in accordance with the provisions of Prevention of Money Laundering Act, 2002 and rules made there under as Reporting Entity.

A quarterly MIS shall be put up by the Compliance Officer to the board and the Designated Director giving number of alerts generated during the quarter, number of alerts closed, number of alerts on which action taken with details of action taken and number of alerts pending at the end of the quarter along with reasons for pendency and 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.

The Designated Director shall be responsible for all surveillance activities carried out by the DP.

Farsight shall submit its surveillance policy to 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.

Obligation of Quarterly reporting of status of the alerts generated by Participants:

A quarterly statement providing duly approved status of alerts in respect of DP operations on quarterly basis shall be submitted to NSDL/CDSL in the prescribed format within 15 days after the end of the quarter:

Incase Farsight DP operation does not have anything to report, a <NIL Report> shall be filed within 15 days from the end of the quarter.

Disassociating with the suspect client(s) and reporting to CDSL / NSDL / SEBI

and/or other Regulatory Authorities.

The DP shall maintain records for such period as is prescribed under PMLA (Maintenance of Records) Rules, 2005, and Securities Contracts (Regulation) Rules, 1957, SEBI (Depository and Participants) Regulations, 1996, DP Operating Instructions and any other directions as may be issued by NSDL/CDSL/SEBI/Stock Exchanges from time to time.

The DP shall review the alerts provided by NSDL/CDSL on fortnightly basis and shall ensure to process the same as early as possible. In any case, these alerts will be processed within 30 days from the date of generation of the alert by NSDL/CDSL.

In case of any delay in disposing off any alerts, reasons for the same shall be recorded.

The DP shall identify suspicious/manipulative activities undertaken by any client through monitoring of transaction(s)

In addition to obligations mentioned in communiqués mentioned above, DP maintained Prepare Standard Operating Procedure (SOP) for processing of surveillance alerts (which includes alerts generated at DP end as well as alerts generated by CDSL). DP ensure that SOP include alert generation parameters, establishing timelines for response, outlining escalation procedures, and any other essential processes related to alert handling.

The SOP and alert parameters reviewed on a periodic basis by the compliance officer.

DP ensure Maker-Checker mechanism is followed during processing and disposal of surveillance alerts.

Schedule of the implementation of the policy:

The policy shall be implemented by DP operations with effect from 01.10.2021. The first reporting by DP operations shall be submitted within 15 days from end of 31.12.2021.

Review of Policy:

The Surveillance Policy shall be reviewed on periodic basis and at least once in a year by the Compliance Officer to ensure that the same is updated in line with market trends, updated regulations and practices.

Last review Date 17.04.2025