

# PROSPERA FINSTOCKS PRIVATE LIMITED

## SURVEILLANCE POLICY

This document lays out the implementation measures for carrying out surveillance of client behavior through analyzing the pattern of trading done by clients, detection of any unusual activity being done by such clients, reporting the same to stock exchanges and taking necessary measures to prevent any kind of fraudulent activity in the market in terms of the regulatory requirements prescribed by SEBI and Market Infrastructure Institutions (MIIs).

The policy is effective with effect from August 20, 2025, pursuant to its adoption at the meeting of Board of Directors held on August 20, 2025. The policy shall be reviewed every year. Next review date of the policy shall be April 30, 2026.

### Resources for undertaking Surveillance monitoring and review activity

Human Resource:

- Surveillance Team comprising of following members has been set up, to monitor the surveillance function –

Name	Designation
Mr. Deepak Sinhmar	Operation Head
Mr. Tahir Hussain	Compliance Head
Mr. Ravi	Principal Officer

- “Principal Officer” shall have the same meaning as assigned to it under the Prevention of Money-Laundering (Maintenance of Records Rules), 2005.
- Employees shall be required to attend the training programs on AML/Surveillance obligations conducted on quarterly basis. The schedule of the same shall be communicated to employees.

### Systems for alert generation:

#### Client Screening and Due Diligence

While onboarding new clients, focus to be given on -

- Adherence to Know Your Client (KYC) Norms
- Compliance with KYC Registration Agency (KRA)
- Adherence to Anti-Money Laundering (AML) and Prevention of Money Laundering Act (PMLA)

System based alerts shall be generated based on the following parameters

- Transactional alerts based on the criteria/red flag indicators provided by the Exchanges from time to time, carry out review of the same and take the necessary action, wherever required.

- Client / group of clients, as identified by the PROSPERA FINSTOCKS PRIVATE LIMITED , accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
- Client / group of clients with new account or clients dealing after a significant time gap, as identified by the PROSPERA FINSTOCKS PRIVATE LIMITED , accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
- Client / group of clients dealing frequently in small quantities/minimum market lot in a scrip / contract.
- Disproportionate trading activity vs reported income / Net worth.
- Frequent changes in KYC submitted by clients.
- 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.
- Client / group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'.
- Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities.
- Significant trading activity in scrips by client who has pledged the shares of same scrip
- 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-à-vis the dealing office address.
- Trading activities of accounts of relatives of entity to identify any sort of synchronized / coordinated trading.
- Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)

Thresholds for the alerts shall be decided and reviewed annually by the Principal Officer along with the Compliance Officer.

Alerts shall be monitored and generated on a daily basis, and all the alerts shall be reviewed on a monthly basis.

#### Factors to be considered for generating alerts:

Alert	Alert Description	Factors to be considered for generating alerts
1	Client / related group of clients has large share of traded volume in a particular security in cash segment	Volume as % of daily exchange volume
2	Client / related group of clients has a large share of traded volume in contracts of a particular underlying	Volume as % of daily exchange volume
3	Client / related group of clients dealing in illiquid shares near the price bands in small quantities	Frequency of such trades
4	Margin obligations disproportionate to declared income / Networth (peak of the month)	If more than max (x times n/w or y times income)
5	Net funds pay-in/ pay-out during a period (one month) disproportionate to declared income/ Networth	If more than max (x times n/w or y times income)
6	Frequent changes in any element of KYC (for mule accounts)	Frequency of such changes of same element

7	Client / related group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'(SMS)	Value of such sales
8	Clients making net profit/ losses over a period which is a significant amount as compared to their income/ Networth in cash segment beyond a particular threshold	If more than max (x times n/w or y times income)
9	Order placed by multiple unrelated clients from the same IP/ device in case of internet-based trading clients	If more than x clients
10	Repeated failure to deliver securities for pay-in obligations leading to auction/ close out in illiquid items (for reasons other than shortage of payout received in previous settlement)	If more than x times in a month
11	Repeated failure to deliver securities for pay-in obligations leading to auction/ close out in illiquid items (for reasons other than shortage of payout received in previous settlement)	If more than x clients
12	Circular trading/Reversal pattern at same Trading Member above a threshold over a period of 1 month	Where profit / loss is more than x
13	Circular trading/Reversal pattern at same Trading Member above a threshold over a period of 1 month	Repeated trades by dealer in same security and before order of more than INR x crores done in the firm
14	Circular trading/Reversal pattern at same Trading Member above a threshold over a period of 1 month	If more than x%

### Internal Controls

Proprietary accounts shall be used for the purpose of carrying out proprietary trades only. All proprietary operations shall be reviewed by Principal Officer and Compliance Officer annually, and report shall be submitted to the Board of Directors.

Trading Terminals shall be allotted and used by the employees of PROSPERA FINSTOCKS PRIVATE LIMITED , at the locations as reported to the exchange, and the details of the employees using the terminals shall be updated to the exchange as and when required.

Attendance sheet of all the employees shall be maintained.

**Letter of Authority to Trade is given only to the Family members in case of individuals, and to Directors / Partners / HUF/ Key Managerial Personnel in case of Non-Individuals.**

Any employee of the PROSPERA FINSTOCKS PRIVATE LIMITED , upon having knowledge of any fraud, market abuse or suspicious activity shall forthwith inform the same to the Compliance Officer / Principal Officer.

### Escalation and reporting mechanisms.

Board of Directors shall receive the Quarterly MIS from the Compliance Officer, and will verify the adequacy and efficiency of the systems for internal control and reporting by analysing the relevant data on a quarterly basis.

Any suspicious activity shall be reported to the exchange immediately, but not later than 48 hours of detection of such suspicious activity.

Summary analysis and action taken report on instances of suspicious activity, fraud and market abuse or a 'nil report' where no such instances were detected, shall be submitted on a half-yearly basis to the stock exchanges.

Any deviation in adherence to internal controls, risk management policy, surveillance policy, policy for onboarding of clients along with the proposed corrective actions for such deviation shall be placed before the Board of Directors. Compliance Officer is required to submit the deviation report to the Board of Directors and Stock Exchange.

### Accountability Matrix

<b>Who is being surveilled</b>	<b>Responsibility of Trade Surveillance On</b>
Key Managerial Personnel	Board of Directors
Promoters	Board of Directors
Employees	Board of Directors
Clients	Official heading the trade surveillance function under supervision of senior management, Compliance Officer
Authorised Persons	Official heading the trade surveillance function under supervision of senior management, Compliance Officer

Employees shall be communicated the policy along with the changes, if any annually or when the change in policy is made, whichever is earlier.

**Policy last reviewed on April 30, 2026**  
**VER 2.0**

**For Prospera Finstocks Pvt. Ltd.**

**Mr. Shubham Jain**  
**Director**