



FIIPL

SURVEILLANCE POLICY

FAIR INTERMEDIATE INVESTMENT PVT. LTD.

We Fair Intermediate Investment Private Limited, the Trading Member of BSE, NSE, MCX SX. As per the requirement of exchange the company has designed a **Surveillance Policy** to have efficient control over the suspicious and fraudulent trading activities.

The Surveillance policy works on the following concepts:

1. **Monitoring client trading activity**: The Compliance Officer should carry out the following due diligence :
 - Scrutiny of the KYC form for assessing the occupation and financial details of the client. In case of non-individual client going through its shareholding pattern and promoter group.
 - Studying the past trading activities of such client(s).
 - Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
 - RMS team - the margin set in the client(s) account is in accordance with the funds available in the client account or set as per the RMS policy.
 - Checking the ledger and holding. And can also seek explanation from the client(s).
 - And after analysing all the documents if any unfair trade practices are found, warning letter will be issued with a suspension of the trading account in the near future if found with such activities.

2. **Dormant account**: The Compliance Officer should carry out the following due diligence :
 - Scrutiny of the Trade details of the client(s) through Trade log or ledger in order to assess the date on which the last trade was done by the client.
 - Whereas the RMS policy also states that term Inactive/Dormant account refers to such account wherein no transactions have been carried out since last 6 Calendar months where such account is under temporary suspension were client would not be allowed to login or trade in any way except if there is any communication failure or system problem. Checks are also being installed in the systems.
 - **Reactivation of the Dormant account**: On a written request by the client to the company, the company after conducting all the due diligence may allow the reactivation .The documents required for reactivation can be listed below:
 1. Account Reactivation Form
 2. Financial Proof
 3. Authorization for Running Account

3. **Dealing in common Scrips:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC form for assessing the details of the client(s). In case of non-individual client going through its shareholding pattern and promoter group.
 - Seek documentary evidence such as Ledger and demat holding or any other such document required to satisfy ourselves.
 - Studying the past trading activities of the client.
 - At times can also seek explanation from the client(s) and if no reply received can issue the warning letter with a final suspension of the trading account in the near future if found with such activities.

4. **Illiquid scrip:** The Compliance Officer should carry out the following due diligence:

- Although that only a genuine order is placed into the market and no artificial or fictitious trades are executed, the dealer shall make proper enquiry with the client and ascertain genuineness of the order before executing the same. Therefore as a part of the same the dealer's were intimated to the client that the share is flagged illiquid by the exchange.
- In case of penalty arouse where the maximum of buy price entered by a client (on PAN basis) is equal to or higher than the minimum sell price entered by that client and if the same results into trades, a penalty shall be imposed on such trades as follows.

a) 0.50% of the trade value for sale and 0.50% of trade value for the buy, resulting in 1% penalty for the client on PAN basis.

OR

b) 2500 /- for the buy trade and 2500 /- for the sell trade, resulting in penalty of 5000/- for the client on PAN Basis.

WHICH EVER WILL BE HIGHER

5. **Dealing in minimum lot size:** The Compliance Officer should carry out the following due diligence:
- Seek documentary evidence such as bank statement / demat transaction statement or any other documents.
 - Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
 - Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s) / Group of Client(s) from which securities pay-in has been met, to be sought.
 - And after analysing all the documents if any unfair trade practices are found, warning letter will be issued with a final suspension of the trading account in the near future if found with such activities.
6. **Client/Group of client(s) concentration in scrip:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC form.
 - Studying the past trading activities of such client(s).
 - Bank statements of the Client(s) / Group of Client(s) for the past one month.
 - RMS team - the margin set in the client(s) account is in accordance with the funds available in the client account or set as per the RMS policy.

- Checking the ledger and holding. And can also seek explanation from the client(s).
 - And after analysing all the documents if any unfair trade practices are found, warning letter will be issued with a final suspension of the trading account in the near future if found with such activities.
7. **Circular trading:** The Compliance Officer should carry out the following due diligence:
- Identification of the client as small / large/day traders.
 - Scrutiny of the KYC form of the client's.
 - Study of the holding and ledger of the client's.
 - Study of the trade log file.
 - And after analysing all the documents if any unfair trade practices are found, the trading account will be suspended immediately and penalty will be imposed if any levied by the exchange.
8. **Pump and Dump:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC document.
 - Study of the holding and ledger of the client's.
 - At times may seek explanation from such client(s) for getting involved in such trading activity which may lead to suspension of the trading account. And if any penalty arise will be charged from such client(s).
9. **Wash sales:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC document.
 - Categorizing such client (maintain in soft form) and refrain them from buying/selling in the same scrip in a same month.
 - Issue warning letter if found with such trading practice leading to the suspension of the trading account in near future.
10. **Reversal of Trades:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC.
 - Study of the Trading activities.
 - Study of the holding and ledger of the client's.
 - At times may seek explanation from such client(s) for getting involved in such trading activity which may also lead to suspension of the trading account.
11. **Front Running:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC document.
 - Study of the order log book.
 - At times may seek explanation from such client(s) for getting involved in such trading activity which may lead to suspension of the trading account
12. **Concentrated position in the open Interest/High Turnover concentration:** The Compliance Officer should carry out the following due diligence:
- Scrutiny of the KYC form.
 - Holding and Ledger of the client.

- Study the historical price and daily turnover of the scrip.
- Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- And after analysing all the documents if any unfair trade practices are found, warning letter will be issued and can also lead to the final suspension of the trading account.

13. **Order Book Spoofing:** The Compliance Officer should carry out the following due diligence:

- Scrutiny of the KYC form.
- Study of the order log book.
- Study the historical price and daily turnover of the scrip.
- Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
- And after analysing all the documents if any unfair trade practices are found, warning letter will be issued and can also lead to the final suspension of the trading account.

Further, in case of any adverse findings, the Trading Member shall send its comments to the Exchange within 45 days of the alert generation.

THANK YOU

Fair Intermediate Investments Private Limited

