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SURVEILLANCE POLICY FOR STOCK BROKING AND DEPOSITORY PARTICIPANT OPERATIONS

1. Applicability:

This is an updated policy applicable to the stock broking and Depository operations w.e.f. 01.01.2025 of CROWN CONSULTANTS PRIVATE LIMITED. The policy is approved in the meeting of Board of Directors of CROWN CONSULTANTS PRIVATE LIMITED on 07th April 2026.

The policy is framed in accordance with the provisions of SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/96 DATED July ,2024 titled 'Measures to instill confidence in securities market-Broker' Institutional mechanism for prevention and detection of fraud or market abuse 'and NSE Circular NSE/SURV/62827 Dated 08 July 2024, NSE/INVG/65921 dated December 31,2024, And CDSL communiqué CDSL/OPS/DP/SYSTEM/2021/309 dated July15, 2021, CDSL communiqué No. CDSL/OPS/DP/SYSTEM/2024/552 September 20, 2024

Surveillance Policy for Stock Broking Operations:

The Stock Exchanges viz. NSE, BSE and MCX are providing alerts based on predefined criteria to the all the stock brokers including CROWN CONSULTANTS PRIVATE LIMITED through their portals. The same has been listed out here below. As per applicable Circulars, CROWN CONSULTANTS PRIVATE 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.

Receipt of Alerts from Exchanges/generated on E-Boss & ENIT

In order to facilitate effective surveillance mechanisms at the Member level, the Exchanges provides following mandatory transactional alerts along with other alerts to the trading members through the-BOSS(BSE) MRS Portal (MCX) and ENIT(NSE).This facilitates the trading members to effectively monitor the trading activity of their clients.

Sr. No.	Transactional Alerts generated by the exchanges
1	Significantly increase in client activity
2	Sudden trading activity in dormant account
3	Clients/Group of Client(s),dealing in common scrips
4	Client(s)/Group of Client(s)concentrated in a few illiquid scrips
5	Client(s)/Group of Client(s)dealing in scrip in minimum lot size
6	Client/Group of Client(s) Consent ration in a scrip
7	Circular Trading
8	Pump and Dump
9	Wash Sales
10	Reversal of Trades
11	Front Running
12	Concern traded position in the Open Interest/High Turnover concentration
13	Order books proofing i.e. large orders away from market
14	Client / related group of clients has large share of traded volume in a particular security in cash segment
15	Client / related group of clients has a large share of traded volume in contracts of a particular underlying
16	Client / related group of clients dealing in illiquid shares near the price bands in small quantities
17	Margin obligations disproportionate to declared income / Networth (peak of the month)
18	Net funds pay-in/ pay-out during a period (one month) disproportionate to declared income/ Networth
19	Frequent changes in any element of KYC (for mule accounts)
20	Client / related group of clients having significant selling concentration, in the scrips, forming part of 'For Information list' or 'Current Watch list'(SMS)
21	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
22	Order placed by multiple unrelated clients from the same IP/ device in case of internet-based trading clients
23	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)
24	Multiple unrelated clients (more than X) being on boarded online from the same device (for QSBs only) (other than permitted e.g. white listed

	employees/ Authorised Persons (APs)
25	Circular trading/Reversal pattern at same Trading Member above a threshold over a period of 1 month
26	Front Running by Dealers/Clients to large trades of the Trading Member
27	Substantial proportion of the market open interest in a particular commodity / contract
28	Insider Trading
29	Price Manipulation
30	Unauthorized Trading

BSE - Alerts can be downloaded by log-in into-Boss Surveillance System.

NSE - Alerts can be downloaded by log-in into ENIT- ENIT Compliance- Investigation Department - Transactional Alerts.

MCX -Alert can be downloaded by login in to MRS Portal

1. Suspicious/Manipulative activity identification and reporting process by the Stock Brokers

i. Suspicious / Manipulative activity identification and reporting process include gathering of client information, analyzing client activity, seeking documentary evidence required, monitoring the trading activities, record maintenance and reporting.

ii. Client Information

- Implementing Anti Money Laundering Policy viz a viz KYC standards for new clients
- acceptance and implementing high standard of due diligence process.
- Periodic updating of client database and having system to do continuous due diligence.
- Identification of Beneficial Ownership
- Identification of Multiple Accounts/common Accounts/group of clients
- Analyzing common emails, mobile numbers, address and other linkages
- Other publicly available information

iii. Analyzing Client Activity

Client 'trading pattern or activity shall be analyzed based on Alert received/generated through exchange system. There are alerts which require only client confirmation or explanation or trading history analysis and there are other alerts which require documentary evidence viz. Bank Statement or Demat Statement for +/- 15 days as per Exchange requirements.

• Transaction Alerts falling under Sr.No. 1 &2

It requires only trading history analysis, last 12 months trading turnover analysis, turnover v/s income range comparison and client confirmation on sudden activity in dormant account. Member shall also take reasonable steps to analyse these type of alerts and shall be required to close the status of alerts or report the exchange in case of any adverse findings.

• In case of transaction alerts from Sr.No. 3 to 30,

Apart from analyzing trading history and income comparison, member shall take explanations regarding alerts received from the exchange and also ask for +/- 15 Days Bank Statement in case of Funds Movement and Demat Statement in case of movement of shares and Compliance Manager/Operation Manager shall verify whether the funds/securities for the settlement of such trades actually belongs to the client for whom the trades were transacted or not.

Members shall record observation for such transactional alerts and maintain records with regards to such analysis. In case, client failed to provide explanation or documentary evidences, such client shall be deactivated and shall be activated only after they satisfy all requirement of this policy.

2. In addition to the above alerts, CROWN CONSULTANTS PRIVATE LIMITED has framed its Surveillance Policy for Stock Broking to generate alerts as per guidance provided by SEBI/Exchanges. The same has been listed out below:

- i.** Trading activity in a single day by one client or group of clients who have contributed more than 5% in single scrip or a single derivative contract.
- ii.** A client or a group of clients who are either new client/ clients or who have reactivated their trading account after significant time gap and who have contributed more than 10% of the total trading volume of a single scrip or derivative contract in a single day.
- iii.** Client or a group of clients dealing frequently in small quantities. Minimum market lot in a scrip/contracts.
- iv.** Trading activity of a client found to be disproportionate considering a reported income range detail or net worth.
- v.** A client who has submitted frequent modification request for changes in his/her/its demographic details of address, email id, mobile number, and bank details etc.
- vi.** A client or a group of clients who have been found to have direct or indirect connection with listed company and who have executed any transactions prior to any dissemination of any price sensitive information by such listed company.
- vii.** A client or group of clients having more than 10% volume of any scrip listed in for 'information list' or 'current watch list'.
- viii.** A client or group of clients which persistently earn or incur high amount of Profit/loss through their trading activities or clients who appear to have executed trades with the objective of transfer of profits or losses.
- ix.** A client who is having turnover more than 10% of the total turnover of the script and has pledged of his/her/it's such holding for margin purpose and who has also significant trading volume in the same scrip which he/she/it holds.
- x.** In case of a client or a group of clients who have been identified as per any of the above 9 criteria and whose orders are placed through a dealing office which is far from such client's address as per his/her/its KYC.

- xi.** A client having demat account with CROWN CONSULTANTS PRIVATE LIMITED and who has holding in a scrip of more than 5% of paid up capital of a listed company which has received the same shares through off-market transfer.
- xii.** A client who has received shares of a listed company through multiple off-market transfer and has pledged such shares.
- xiii.** Identification of IP addresses of clients to identify multiple client codes trading from same IP address.
- xiv.** Clients who are connected with each other as per key KYC parameters of the client's as updated by respective client.

ACTION PLAN

- a.** 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 45 days from the date of generation of the alert by the Stock Exchanges. In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
- b.** The stock broking operation shall, in case of reporting of any transaction as STR to FIU- India, shall evaluate whether any further action including suspension of the trading activity of the suspect client(s), reporting to Stock Exchanges/SEBI and/or other Regulatory Authorities.
- c.** 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.

2. Surveillance Policy for operations as Depository Participant:

CDSL is providing transactional alerts on Fortnightly basis based on parameters defined by CDSL to all the Depository Participants including CROWN CONSULTANTS PRIVATE LIMITED through CDSL report download utility. As per applicable Communiqués, CROWN CONSULTANTS PRIVATE LIMITED is reviewing these alerts and taking appropriate actions after carrying out due diligence viz.either disposing off a lets 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.

1.	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
2.	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
3.	Frequent Off-Market transfers by a client in a specified period
4.	Off-market transfers not commensurate with the income/Networth of the client.
5.	Pledge transactions not commensurate with the income/Networth of the client.
6.	Off-market transfers (High Value) immediately after modification of details in demat account
7.	Review of reasons of off-market transfers provided by client for off-market transfers visà-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
8.	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time
9.	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.
10.	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 DP.

In addition to the same, CROWN CONSULTANTS PRIVATE LIMITED has framed its Surveillance Policy for Depository operations to generate alerts as per guidance based on following criteria:

- i. Multiple Demat accounts opened with same PAN/mobile number/ email ID/ bank account details/address. While reviewing BO account details, the details of existing BO shall also be considered.
- ii. Email/letters sent to clients on their registered email ID/address which bounces/ returns undelivered.
- iii. 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. at least twice in a month.
- iv. Frequent off-market transfer of securities more than twice in a month without genuine reasons.
- v. Off-market transactions not commensurate with the income/net-worth of the BO.
- vi. Pledge transactions not commensurate with the income/net-worth of the BO.
- vii. High value off-market transfer immediately after modification of either email ID/mobile number/ address without genuine reason.
- viii. Review of reasons for off-market transfer provided by the BO which appears on-genuine based on either 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.
- ix. 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 an active account with regular transaction suddenly becomes dormant.

The DP shall review the alerts provided by 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 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).

The DP shall, in case of reporting of any transaction as STR to FIU-India, shall evaluate whether any further action including disassociating with the suspect client(s) and reporting to CDSL/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 SEBI/ Stock Exchanges from time to time.

Process of disposal of alerts and action:

- a. The designated officials who are tasked to review the alerts on daily basis shall review the same.
- b. 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.
- c. If the designated official after due diligence and making such inquiry as such official finds necessarily 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.
- d. The Compliance Officer, after review of the alerts along with the submitted comments of the designated official, decides 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 CDSL and/or discontinue the relationship with the client.

- a. The report of such instances along with adverse observations and details of actions taken shall be submitted to the Stock Exchanges/ CDSL within 7 days from date of identification of such instances.
- b. 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 access is available on to designated officials under the supervision of the Compliance Officer.

Obligations of Compliance Officer/ Designated Director and Internal Auditor of the Stock Broking Business and Depository Participant operations:

- a. The surveillance activities of the stock broking operations and that of DP operations shall be conducted under overall supervision of the Compliance Officer of CROWN CONSULTANTS PRIVATE LIMITED. The policy implemented by CROWN CONSULTANTS PRIVATE LIMITED in accordance with the provisions of Prevention of Money Laundering Act, 2002 and rules made there under as Reporting Entity.
- b. 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 appraised of any exception noticed during the disposal of the alerts.
- c. The Designated Director shall be responsible for all surveillance activities carried out by the trading member.
- d. CROWN CONSULTANTS PRIVATE LIMITED shall submit its surveillance policy to the internal auditor for stock broking operations and 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: A quarterly statement providing duly approved status of alerts in respect of stock broking operations on quarterly basis shall be submitted to BSE and NSE in the following format within 15 days after the end of the quarter:

A. Status of Alerts generated by the Trading Member:

Name of Alert	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 / under process at the End of quarter

B. Details of alerts referred to the Exchange

Sr.No.	Date of Alert	Type of Alert	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

In case CROWN CONSULTANTS PRIVATE LIMITED does not have anything to report, a "NIL Report" shall be filed within 15 days from the end of the quarter.

A quarterly statement providing duly approved status of alerts in respect of DP operations on quarterly basis 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 Alert	Opening Balance of alerts at the beginning	No. of alerts generated during the quarter (B)	Total no. of alerts	No. of alerts closed during the quarter	Alerts pending at the end of the quarter (E)	Ageing analysis of the alerts pending at the end Of the Quarter (since alert generation date) (Segregation of E column)	Reason for pending

Ending of the quarter (A)	(C=A+B)	er (D)	= C-D)					ncy#
				1-2 months	2-3 months	3-6 months	>6 months	

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

Sr.No.	Brief action taken during the quarter

In case CROWN CONSULTANTS PRIVATE LIMITED 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 periodic basis and at least once a year by the Compliance Officer to ensure that the same is updated in line with market trends, updated regulations, and practices.

For Crown Consultants Private Limited

Indradev Yadav
 Compliance Officer
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Policy reviewed on 7th April 2026.