

Surveillance Policy for DP (Lakshmishree Investment and Securities Limited)

1. Purpose

The purpose of this Surveillance Policy is to outline the framework and procedures to monitor and manage the transactions of clients to ensure compliance with regulatory requirements and to detect and prevent fraudulent or suspicious activities.

2. Scope

This policy applies to all surveillance activities carried out by Lakshmishree Investment and Securities Limited, covering all client transactions and activities within the organization.

3. Obligation of Depository Participants

3.1 Surveillance Policy Framework:

- The surveillance policy is framed based on the nature of DP business (i.e., Bank, Stockbroker, Custodian etc.), type of clients, number of demat accounts, number of transactions, etc.

3.2 Alert Generation:

- Suitable surveillance alerts will be generated guided by the indicative themes provided.
- Additional alerts may be generated based on the DP's own parameters to detect any suspicious transaction activity.

3.3 Review and Disposal of Alerts:

- Transactional alerts provided by CDSL will be reviewed and disposed of within 30 days from the date of alert generation.
- The reasons for any delay in disposition of alerts will be documented.

3.4 Reporting Abnormal Activity:

- Any abnormal activity will be reported to CDSL and other relevant authorities as applicable.

3.5 Action Framework:

- Appropriate actions will be taken as per obligations under the Prevention of Money Laundering Act (PMLA).
- Records of surveillance activities will be maintained for the period stipulated under applicable statutes.

3.6 Annual Review:

- The surveillance policy will be reviewed annually by the compliance officer and approved by the Board of Directors.

4. Surveillance Alerts and Monitoring

4.1 Indicative Themes for Alerts:

- Multiple demat accounts opened with the same demographic details (e.g., PAN, mobile number, email id, bank account number, address).
- Communication sent to registered email id/address of clients getting bounced.
- Frequent changes in demat account details such as address, email id, mobile number, authorized signatory, POA holder.
- Frequent off-market transfers by a client in a specified period.
- Off-market transfers not commensurate with the income/Net worth of the client.
- Pledge transactions not commensurate with the income/Net worth of the client.
- High-value off-market transfers immediately after modification of details in demat account.
- Review of reasons for off-market transfers vis-a-vis the profile of the client.
- Sudden increase in transaction activities in newly opened accounts followed by dormancy.
- Any other alerts to detect and prevent market manipulation activity.

5. Client Due Diligence

5.1 Ongoing Due Diligence:

- Due diligence of clients will be carried out on an ongoing basis.
- Key KYC parameters of clients will be updated periodically as prescribed by SEBI, ensuring the latest information is updated in the Depository System.

6. Reporting and Documentation

6.1 Status Reporting:

- A register (electronic/physical) will be maintained for recording all generated alerts.
- Alerts will be reviewed, and transaction rationales will be verified along with supporting documents.
- Observations for identified transactions will be documented.
- Alerts generated by CDSL will be reviewed, and status (Verified & Closed/Verified & Reported to Depository) updated within 30 days.
- Adverse observations from DP-generated alerts will be reported to CDSL within 7 days of identification.

7. POLICY REVIEW

The Policy shall be reviewed on instruction of the Board of Directors or on issue of new circular/directive issued by Regulatory/ Statutory authorities/need of the business. The compliance Officer shall make necessary modifications and hence the new modified policy shall come into effect.

Last Review Date: 31.11.2025