

KANCO STOCK & SECURITIES PRIVATE LIMITED

Policy on Surveillance
(Effective Date: 01st February, 2026)

KANCO STOCK & SECURITIES PRIVATE LIMITED

DIRECTOR

BACKGROUND:

SEBI circular No. SEBI/HO/ISD/ISD/CIR/P/2021/22 dated 01st March 2021 regarding advised to the Trading Members shall frame Surveillance Policy covering all business models/services they offer.

The policy is framed in accordance with the provisions of NSE circular no. NSE/SURV/48818 dated 01st September 2021, BSE circular no. 20210701-30 dated 01st September 2021, MCX circular no. MCX/S&I/796/2020 dated 26th October 2020 and CDSL communique no. CDSL/OPS/DP/SYSTEM/2021/309 dated 15th July 2021.

SURVEILLANCE POLICY:

KANCO STOCK & SECURITIES PRIVATE LIMITED (KSSPL) will develop mechanism in back-office system for generate surveillance alerts.

KANCO STOCK & SECURITIES PRIVATE LIMITED, hereafter referred to as "KSSPL".

The Policy covers the following points:

- Processing of alerts within 45 days from the date of alerts downloaded by the exchanges as well as alerts generated at Members end.
- Documentation of reasons for any delay in disposition of any of the alerts.
- Suspicious / Manipulative activity identification.
- Framework for appropriate actions that can be taken by KSSPL (Trading Member). In addition to the obligations under Prevention of Money Laundering Act (PMLA), actions may include suspension of trading activity of the suspect client, or any other action as deemed appropriate.
- Record Maintenance for the period as stipulated under applicable statutes.

PROCESSING OF ALERTS

- Trading Member shall obtain trading rationale and necessary documentation including bank statements and demat statements, for analysing/processing the alerts.
- With respect to transactional alerts downloaded by the exchange, Trading Member shall ensure that all alerts are analysed and status thereof (verified & closed / verified & sent to Exchange), including action taken is updated within 45 days, in the Member Surveillance Dashboard.
- With respect to alerts generated at the Trading Member's end, Trading Member shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days from the date of alert generation.

OBLIGATION OF COMPLIANCE OFFICER, DESIGNATED DIRECTOR AND INTERNAL AUDITOR OF MEMBER


DIRECTOR

- The surveillance activities of the Trading Member shall be conducted under the overall supervision of its Compliance Officer.
- A quarterly MIS shall be put up to the Designated Director on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Designated Director shall be apprised of any exception noticed during the disposition of alerts.
- Designated Directors would be responsible for all surveillance activities carried out by the Trading Member.
- The Internal Auditor of trading member shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal Audit shall record the observations with respect to the same in their report.

OBLIGATION OF QUARTERLY REPORTING OF STATUS OF ALERTS GENERATED BY THE TRADING MEMBER

- Trading Members are also required to provide duly approved status of the alerts on a quarterly basis, in the following format to the Exchange within 15 days from 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 EXCHANGE), IF ANY, DURING THE QUARTER:

Sr. No.	Brief action taken during the quarter

This Surveillance Policy approved by the Board of Directors of the Company in its meeting and the same has been reviewed by the Board on 30th January, 2026

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Transactional alerts downloaded by the exchange to facilitate effective surveillance at Member End

Sr. No	Transactional Alerts	Segment
1.	Circular Trading	Cash
2.	Pump and Dump	Cash
3.	Reversal of Trades	Cash / Derivatives
4.	Front Running	Cash
5.	Concentrated Position in the Open Interest / High Turnover concentration	Derivatives
6.	Order book Spoofing i.e. large orders away from market	Cash

For, Kanco Stock & Securities Private Limited



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