

FOCUS STOCK BROKERS LTD.

1C/13, RAJANIGANDHA BUILDING, NEW ROHTAK ROAD, NEW DELHI-110005

Standard Operating Procedure (SOP) for Processing Surveillance Alerts for CDSL

1. Objective

To define the standard procedure for managing and processing surveillance alerts, generated both at the Depository Participant (DP) end and by CDSL, ensuring timely, effective, and secure handling of alerts.

2. Scope

This SOP applies to all surveillance alerts generated through CDSL systems or internally by the DP. It establishes guidelines for alert generation parameters, response timelines, escalation procedures, and regular review requirements.

3. Roles and Responsibilities

Compliance Officer: Oversees SOP adherence, reviews alert parameters periodically, and ensures process improvement.

Alert Processor (Maker): Identifies, reviews, and initiates the first level of alert handling.

Checker: Conducts secondary review to validate alert handling and ensures actions meet compliance standards.

4. Alert Generation Parameters

- **High-Value Transaction:** Alerts for transactions exceeding a predefined threshold.
- **Transaction in Suspended ISIN:** Transactions involving securities under suspension.
- **Simultaneous Changes in KYC and Demographic Details:** When both KYC and personal details change in close proximity.
- **Group of BOs with Common Details Executing Off-Market Transfers Consistently:** Pattern detection for off-market transactions within groups sharing common personal details.
- **High-Value Transactions Post-Demographic Change:** Large transactions following recent updates to account information.
- **Considerable Increase in Pledge Invocation:** A significant rise in pledging securities within a short time.
- **Considerable Increase in Pledge:** Substantial growth in securities pledged by the account holder.
- **Account Closed Shortly After Opening:** Accounts closed soon after being established.
- **Significant Off-Market Transfers in Scrips Linked to Unsolicited Communications:** Transfers associated with securities mentioned in unsolicited SMS or videos.

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- Off-Market Transfers Following Demographic Changes: Transfers post-changes in account information.
- Off-Market Transfers Around Lock-In Period for Preferential Allottees: Transfers occurring during sensitive lock-in periods.
- Multiple Demat Accounts with Common Contact Details: Multiple accounts linked by:
 - - Mobile number
 - - Bank details
 - - PAN
 - - Email address

5. Procedures for Processing Alerts

a. Alert Identification: Alerts are automatically generated by CDSL systems or DP's internal systems based on predefined parameters.

b. Initial Review (Maker): The Maker verifies alert details and assesses severity (low, medium, high).

c. Investigation and Response: Conduct an initial investigation, potentially contacting the relevant account holders for verification.

d. Final Review (Checker): Checker validates the actions taken by the Maker and confirms closure or escalation of the alert as necessary.

6. Escalation Procedures

Specific escalation paths depend on alert type and severity, with contacts for:

- - Immediate Supervisors
- - Compliance Officer

7. Timelines for Response

Timelines are as follows:

- Initial review within 24 hours
- Investigation and response within 3 business days
- Final closure within 7 business days or sooner if required

8. Periodic Review

Compliance Officer reviews the SOP and alert parameters quarterly to ensure compliance and operational effectiveness.

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9. Maker-Checker Mechanism

DP follows a Maker-Checker approach, with actions by the Maker validated by the Checker to ensure oversight and compliance.

Sd/-

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