FORTUFUSION STOCK BROKING SERVICES LLP
ACL-7069
REGISTERED OFFICE NO 113 AND 114, AMBITION TOWER 1, SUBHASH MARG, AGRASEN CIRCLE C-SCHEME, JAIPUR-302001
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FORTUFUSION STOCK BROKING SERVICES LLP

SURVEILLANCE POLICY

POLICY CONTROL

Version:	1.0.2026
Version Date:	31-03-2026
Approved by:	Board of Directors
Department in Charge:	
Frequency of Review:	Yearly or as and when any update comes change in the Relevant Regulation comes or any change in the Company's internal control or Structure whichever is earlier.

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SURVEILLANCE POLICY

I. BACKGROUND:

All brokers have different types of business models and may offer different types and combination of services to different types of clients including retail, institutional, HNI through various modes like Call and Trade, Mobile based trading, Internet based trading, Portfolio Management Services (PMS), in addition to proprietary trading (including Algorithmic trading). For effective monitoring, NSE vide circular bearing reference no: NSE/INVG/22908 dated March 07, 2013, and BSE vide notice bearing reference no: 20130220-23 dated February 20, 2013, and reference no: 20130307-21 dated March 07, 2013, have prescribed Surveillance Obligations for Trading Members and advised to frame a surveillance policy covering all such applicable business models / services they offer.

In order to facilitate effective surveillance mechanisms at the broker level, the Exchanges would be generating / providing the alerts to the brokers based on the trading activity of their clients on the respective Exchanges. The broker has to analyse the alerts provided by the exchanges and report in case any suspicious transaction is noticed based on the parameters set by the exchanges and also by the broker internally. Besides exchange alerts, this policy aims to achieve the aforesaid objective.

II. OBJECTIVE OF SURVEILLANCE:

As the size of the complexities and level of technical sophistication of the market is increasing, there is a need for sound and effective mechanism which builds confidence of investors in the market.

Thus, in order to ensure investor protection and to safeguard the integrity of the market, it is imperative to have in place an effective market surveillance mechanism.

III. GENERATION OF ALERTS AND ITS ANALYSIS:

1. **RECIPT OF ALERTS FROM EXCHANGES:**
   In order to facilitate effective surveillance mechanisms at the Broker level, the exchanges would provide the below mentioned alerts based on the trading activity carried out by the Broker for its clients on the respective Exchanges on daily basis.

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Types of Transactional Alerts received from the Exchanges:

Sr. No.	Transactional Alerts	Segment
1.	Significant increase in client activity	Cash

Sr. No.	Transactional Alerts	Segment
2.	Sudden trading activity in dormant account	Cash
3.	Clients/Group of Client(s), deal in common scrips	Cash
4.	Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
5.	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6.	Client / Group of Client(s) Concentration in a scrip	Cash
7.	Circular Trading	Cash
8.	Pump and dump	Cash
9.	Reversal of Trades	Cash & Derivatives
10.	Front Running	Cash
11.	Concentrated position in the Open Interest / High Turnover concentration	Derivatives

The Surveillance process shall be conducted under overall supervision of Compliance Officer.

2. **GENERATION OF INTERNAL ALERTS:**

As prescribed by the exchanges as indicative themes in Circular NSE/SURV/48818 dated July 01, 2021, in addition to abovementioned alerts provided by Exchanges which are indicative in nature, **(Name of the Broker)** is generating internal alerts as per PMLA policy and Risk management Policy of the **(Name of the Broker)**.

Following have been set as the parameters to generate internal alerts.

1) Client scrip concentration
2) Client exchange volume
3) Trading in Illiquid scrip
4) Client / group of clients dealing frequently in small quantities/minimum market lot in a scrip / contract.

5) Client purchase to income
6) Frequent changes in KYC submitted by clients.
7) Significant trading activity in scrips by client who has pledged the shares of same scrip.
8) Monitoring whether the orders are placed by respective clients or their authorized representatives.

Internal alerts generated based on above benchmarks are to be placed to the Compliance Officer for further analysis/closure/disposal.
The following additional activities shall also be carried out for client due diligence:

I. Client(s) Information:

The (Name of the Broker) shall carry out the Due Diligence of its client(s) on a continuous basis to satisfy itself about the financial soundness and investment objectives of client. It shall be ensured that Trading Activities of the client are commensurate with annual income / financial information disclosed by the client.

The company shall also ensure that key KYC parameters such as Income / Net Worth, contact details, Directors / Partners / Trustees / Karta in case of non-individual clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information, establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

II. Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, the company shall require to:

a. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
b. Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself.
   - In case of funds, 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.
   - The period for such statements may be at least +/- 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

In addition to above, on regular basis, the above-mentioned task shall be carried out:

- Verify sources of funds as disclosed by clients
- Verify past trading pattern of the clients / client group

- Maintain continuous familiarity and follow up with clients where any inconsistency in the information is provided.
- Verify other connected details / clients based on common mobile number, email id or address or any other linkages, etc.
- Also verify details from publicly available information

Steps to be followed in respect of Transactional alerts are given herewith as **Annexure.**

IV. TIME FRAME FOR DISPOSITION OF ALERTS:

The company shall ensure that the alerts are disposed of by Compliance officer / Director of the company on regular basis say within 7 days and in any case not later than 30 days after analyzing the documentary evidence, including the bank / demat statement, as stated above.

In case any adverse / material observations are found against any particular client(s) / group of clients(s), the company shall report all such instances to the Exchange within 7 days and in any case not later than 45 days of the alert generation. The company shall seek extension of the time period from the Exchange, wherever required. If there is any delay in disposition of alerts, then reasons for such a delay shall be documented and preserved as record.

V. SUSPICIOUS/MANIPULATIVE ACTIVITY IDENTIFICATION AND INTERNAL REPORTING PROCESS:

On analysis of alerts and details received from clients / gathered from available sources, if any suspicion transaction / any manipulative activity identified then it should be immediately notified to the Compliance officer / Principal Officer or / director. The notification shall be done in the form of a detailed report with specific reference to the client(s) / group of clients(s), details of transactions and the nature /reason of suspicion.

A quarterly MIS shall be put up to the Board of Directors on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed of during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action to be taken. The Board shall be appraised for any exception noticed during the disposition of alerts.

VI. REPORTING TO THE EXCHANGE:

It is 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 end of the quarter.

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- **Status of Alerts generated by the (Name of the Broker):**

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

- **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

- **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

If there is nothing to report, then also ‘NIL Report’ need to be submitted within 15 days from end of the quarter.

The above details shall be uploaded on the Member Surveillance Dashboard (MSD) within 15 days from end of the quarter.

VII. RECORD MAINTENANCE:

All documents / records / alerts generated shall be preserved for minimum period of five years or as per time period prescribed by the respective exchanges from time to time either in hard form or non-tamper able soft form as per internal policy. Records / documents to be maintained include books of accounts, agreements, duplicate copies of contract notes, recorded messages, Client ledger, Margin register, register of complaints, Statements of funds and securities, obligations received from Clearing houses, order books, alerts given by the respective exchanges, alerts generated internally, suspicious transactions, etc.

VIII. REVIEW OF POLICY BY INTERNAL AUDITOR:

Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report. The report of internal auditor shall be placed before board for discussion and for necessary action to be taken.

IX. CLARIFICATION/INFORMATION:

In case of any clarification/information required on the implementation of the Policy, please contact the Compliance Officer.

X. REVIEW:

The said policy shall be reviewed by the Board of the Directors on a yearly basis or as and when any update comes change in the Relevant Regulation/Circular comes or any change in the (Name of the Broker)'s internal control or Structure.

This Policy is prepared based on the guidelines prescribed under NSE & BSE circulars and shall be amended as per the amendment made by the exchange rules, regulations, by-laws & circulars from time to time.

The Compliance officer has the authority to give directions to undertake additions, changes, and modifications, etc. to this Policy, and the same shall be effective per the authority of the Compliance Officer and thereafter be ratified by the Board of the Directors at its next review.

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ANNEXURE

STEPS TO BE FOLLOWED IN RESPECT OF TRANSACTIONAL ALERTS

Alerts Received / Generated Internally

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Compliance Officer /Authorized Signatory to review the alerts based on

a. Type of alert received from the Exchange / generated internally
b. Review with Financial details of the client
c. Observe the Past Trading pattern of the clients/ client group
d. Verify clients Bank / Demat transaction details (The period for such statements may be at least +/- 15 days from the date of transactions)
e. Verify other connected clients in TM's UCC (common email/ mobile number/ address, other linkages, etc.)
f. Scrutinize other publicly available information

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If any concern seen post inquiry/ receipt of explanation from client, the (Name of the Broker) shall forward the alerts to the Exchange with the necessary / adequate comments and any supporting documents deemed relevant.

Note: In case of any adverse findings / comments, the (Name of the Broker) shall send its comments to the Exchange within 45 days of the alert generation. The company shall seek extension of the time period from the Exchange, wherever required.

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SACHIN SOGANI Digitally signed by SACHIN SOGANI Date: 2026.07.17 14:21:30 +05'30'