

## Standard Operating Procedure (SOP) for processing Surveillance Alerts of DP

Sr No.	Heading	Particulars
1	<b>Overview</b>	<p>i) DP has Surveillance policy based on the requirements by CDSL through various communiqués which is also approved by the Board of Directors.</p> <p>ii) CDSL is providing transactional alerts on fortnightly basis based on threshold defined by CDSL. As per applicable Communiqués, DP 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.</p> <p>iii) In addition to this, DP has in-house surveillance software for generating alerts.</p>
2	<b>Alerts Generation Parameters</b>	<p>Alerts are generated as per Parameters and Themes as mentioned in Surveillance Policy which is elaborated as follows:</p> <ol style="list-style-type: none"> <li>1. Transfer of securities from Different Account to one account.</li> <li>2. Transfer of securities from one account to different account.</li> <li>3. Particular ISIN from one account to various different accounts.</li> <li>4. Particular ISIN from various different accounts to One account.</li> <li>5. High number of transaction between two accounts.</li> <li>6. Share received by off market and pay in within 5 days.</li> <li>7. Account opened during period having same address.</li> <li>8. Off market credit value greater than income range.</li> <li>9. Alert for multiple Demat accounts opened with same demographic details like - PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.</li> <li>10. Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.</li> <li>11. Frequent changes in details of demat account including multiple demographic changes at the same time.</li> <li>12. Frequent Off-Market transfers by a client within 7 days.</li> <li>13. Off-market transfers not commensurate with the income/Networth of the client.</li> <li>14. Pledge transactions not commensurate with the income/Networth of the client.</li> <li>15. Off-market transfers (High Value) immediately after modification of details in demat account.</li> <li>16. Review of reasons of off-market transfers provided by client for off-market transfers which is evaluated at the time of approval of DIS for execution to avoid missing of any information or document which is required for genuine transaction.</li> <li>17. 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.</li> <li>18. Off market Transaction of ASM/GSM Scripts (as identified by stock exchanges).</li> </ol>

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3	<b>Timeline for response</b>	i) <b>With respect to the transactional alerts provided by CDSL:</b> DP shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to CDSL) including action taken is updated within 30 days. ii) <b>With respect to the alerts generated at the DP end:</b> DP shall report instances with adverse observation, along with details of action taken, to CDSL within 7 days of the date of identification of adverse observation. iii) In case of any delay in disposing off any alerts, reasons for the same shall be recorded.
4	<b>Process of disposal of alerts and action</b>	i) Alert Identification: Alerts are generated by Depository or DP's internal systems based on predefined parameters. ii) Initial Review (Maker): The Maker verifies alert details and assesses severity (low, medium, high). iii) Investigation and Response: Conduct an initial investigation, potentially contacting the relevant account holders for verification. iv) Final Review (Checker): Checker validates the actions taken by the Maker and confirms closure or escalation of the alert as necessary.
5	<b>Due diligence measures</b>	For any BO or for whom alerts have been triggered multiple times – i) Client Due diligence shall be carried out on an on-going basis. ii) KYC parameters of BOs shall be updated on a periodic basis and latest information shall be updated in the CDAS. iii) BOs shall be advised to update their Annual Income &/or Net-worth as and when necessary especially where BO's transactions/holdings do not commensurate with existing Annual Income &/or Net-worth.
6	<b>Escalation Process</b>	i) The Principal Officer / Compliance Officer / Designated Director, after review of the alerts along with the submitted comments of the designated official, decides to close the alert, he shall close it with appropriate remarks. If the Principal Officer / Compliance Officer / Designated Director finds that action in respect of such alert is warranted, he shall take such actions including filing STR with FIU-India, informing to Stock Exchanges and CDSL and/or discontinue the relationship with the client. ii) 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. iii) Such finding shall also be put up to the Board of Directors with fact and outcome and next recourse.

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7	<b>Reporting of Alerts &amp; its disposition</b>	i) Quarterly MIS shall be put forth to Board of Directors within 7 days from end of each quarter as under: <ul style="list-style-type: none"> <li>• Number of alerts pending at the beginning of the quarter</li> <li>• Number of alerts generated during the quarter</li> <li>• Number of alerts processed &amp; closed during the quarter</li> <li>• Number of alerts pending at end of the quarter with reasons for pendency &amp; action plan for closure</li> <li>• Any exceptions noticed during disposal of the alerts.</li> </ul> ii) Board shall be apprised of any exception noticed during the disposal of alerts.
8	<b>Maker-Checker Mechanism</b>	DP follows a Maker-Checker approach, with actions by the Maker validated by the Checker to ensure oversight and compliance.
9	<b>Periodic Review</b>	Compliance Officer/Principal Officer – Oversees SOP Adherence, reviews alert parameters periodically and ensures process improvement.

<b>SOP REVIEW DETAILS</b>	
SOP Reviewed On :-	31/07/2025
SOP Reviewed By :-	Mr. Karunesh Kumar Verma
SOP Prepared By :-	Ms. Krutika Pednekar