

**SURVEILLANCE POLICY
(As approved by Board of Directors)**

With a view to facilitate effective surveillance at the Member level, the Exchange will be providing the following alerts based on the trading activity on the Exchange platform.

Transactional Alerts:

Sr. No.	Transactional Alerts	Periodicity
1	Significant increase in client activity	Monthly
2	Sudden trading activity in dormant account	Monthly
3	Wash Sales/ Self-Trades	Daily
4	Concentrated Open Interest position	Daily
5	High Turnover concentration	Daily

The above transactional alerts are an indicative list. Investsmart commodities Ltd may also formulate their own alerts in addition to the above mentioned type of alerts as per their surveillance policy.

The following activities shall be carried out by the Investsmart commodities Ltd based on UCC parameters:

Client(s) Information:

Investsmart commodities Ltd will carry out Due Diligence of its client(s) on a continuous basis. Further, Investsmart commodities Ltd shall ensure that key KYC parameters are updated on a periodic basis as prescribed by SEBI and latest information of the client, including information pertaining to directors/ partners/ trustees/ karta in case of non-individual clients, is updated in the UCC database of the Exchange. Based on this information the Investsmart commodities Ltd will establish groups / association amongst clients to identify multiple accounts / common account / group of clients. Investsmart commodities Ltd will profile their clients and categorize the clients under one of the categories, namely, Commercial participant (e.g. value chain participant/ exporter/ importer, hedger, etc.) or Non-commercial participant (e.g. financial participant/ trader/ arbitrageur, etc.)

Analysis:

In order to analyze the trading activity of the Client(s) / Group of Client(s) or Commodity identified based on above alerts, the Investsmart commodities Ltd may



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 / COMTRACK® transaction statement (commodities with compulsory delivery) or any other documents to satisfy itself.

1. 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 commodities with compulsory delivery, documentary evidence including COMTRACK® account statements of the Client(s) / Group of Client(s) for which commodities pay-in has been met, to be sought.

2. The period of or such statements may be at least +/- 15 days from the date of transactions to verify whether the funds for the settlement of such trades actually belongs to the client for whom the trades were transacted.

c. After analyzing the documentary evidences, including the bank / COMTRACK® statement, the Investsmart commodities Ltd shall record its observations for such identified transactions or Client(s) / Group of Client(s). Only in case where adverse observations are recorded, the Investsmart commodities Ltd is required to report all such instances to the Exchange within 45 days of the alert generation. The Investsmart commodities Ltd may seek extension of the time period from the Exchange, wherever required.

RECORD KEEPING : Investsmart commodities Ltd will ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

Investsmart commodities Ltd will maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Investsmart commodities Ltd will ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

