MUNI BROKING HOUSE LIMITED
Corporate Office: The Legacy, Unit 41A/43, 25A Shakespeare Sarani, Kolkata - 700017
CIN - U66120WB2023PLC260758 GSTIN - 19AAQCM6975R1Z0

STANDARD OPERATING PROCEDURE (SOP) FOR SURVEILLANCE POLICY IMPLEMENTATION

Last Reviewed on	Reviewed By	Approved By
05-03-2026	Compliance Officer	Management

STANDARD OPERATING PROCEDURE (SOP) FOR SURVEILLANCE POLICY IMPLEMENTATION

1. Purpose

This Standard Operating Procedure (SOP) outlines the steps and processes to be followed for the effective implementation of the Surveillance Policy at Muni Broking House Limited. The SOP ensures compliance with regulatory requirements, detection of suspicious or manipulative transactions, and maintenance of market integrity.

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2. Scope

This SOP applies to all employees, including the Compliance Officer, Risk Management Team, Surveillance Executives, Back Office Executives, and Internal Auditors, involved in the surveillance activities of Muni Broking House Limited.

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3. Responsibilities

3.1 Compliance Officer

- Oversee the implementation and supervision of the Surveillance Policy.
- Analyse, monitor, document, and report findings to relevant depositories and regulatory bodies in a time-bound manner.
- Ensure the effectiveness of the surveillance mechanism based on client activities, market information, and facts.
- Report quarterly MIS to the Board on alerts generated, processed, and pending.

3.2 Risk Management Team

- Generate daily alert reports from the Back Office Software and collate alerts from Stock Exchanges and Depositories.
- Review and analyse alerts as per the defined steps.
- Implement Graded Surveillance Measures (GSM) and Additional Surveillance Measures (ASM) as required.

3.3 Internal Auditor

- Review the Surveillance Policy, its implementation, and effectiveness.
- Audit alerts generated during the audit period and record observations in the Internal Audit Report.
- Verify the preparation and submission of quarterly MIS to the Board.

3.4 Board of Directors

- Periodically review and provide guidance on the Surveillance Policy.
- Review quarterly MIS reports and ensure timely resolution of pending alerts.

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4. Steps for Alert Analysis

4.1 Alert Generation

- The Risk Management Team generates daily alerts from the Back Office Software and collates alerts from Stock Exchanges and Depositories.

4.2 Alert Categories and Analysis

The Compliance Team shall analyse alerts based on the following categories:

(i) Quality of Dealing

- Identify scrips with 50% of Exchange volume in BE & T2T categories.
- Segregate scrip volume based on security category (e.g., EQ, BE, A, B, T).
- Verify the bonafide of transactions for identified clients.

(ii) High Value Deals

- Review deals above Rs. 25 Lacs in a single scrip.
- For buy deals, ensure sufficient margin is available.
- For sale deals, ensure shares are available.
- Identify clients with high-value positions and review their ledger accounts.

(iii) Significant Increase in Client Activity

- Examine clients with sudden increases in transaction turnover (> Rs. 10 Lacs), delivery turnover (> Rs. 1 Lac), or deal size (> 2x average).
- Verify if the volume is justified based on the client's financial status and past trading activity.

(iv) Sudden Trading Activity in Dormant Accounts

- Review dormant accounts with no trading activity for over 90 days.
- Verify reasons for trading in low-cap scrips or transactions inconsistent with the client's financial strength.

(v) Clients Dealing in Common Scrips

- Examine clients contributing significantly to scrip volume at broker and exchange levels.
- Check for concerted attempts to impact prices or move profits/losses between clients.

(vi) Clients Concentrated in Illiquid Scrips

- Block trading in illiquid scrips unless approved by the Compliance Officer.
- Review reasons for trading in illiquid scrips and verify beneficial ownership.

(vii) Synchronized Trades/Cross Trades/Circular Trading

- Scrutinize synchronized/cross trade reports and identify clients involved.
- Ensure block deals are executed only after verifying beneficial ownership and fund availability.

(viii) Pump and Dump

- Disallow trades executed at prices significantly away from the market.

(ix) Wash Sales or Reversal of Trades

- Identify clients involved in reversal of trades within a short period.

(x) Front Running

- Identify clients/employees trading ahead of large buy/sell transactions.

(xi) Concentrated Position in Open Interest

- Monitor clients with significant positions in open interest or high turnover concentration.

(xii) Order Book Spoofing

- Identify clients placing large orders significantly away from the market.

(xiii) Impact of Trading Pattern on Price and Volume

- Analyse price and volume changes on days clients take concentrated positions.

(xiv) Review of Client Receipts/Payments

- Analyse unusual patterns in client funds movement.

(xv) Relation of Client with Management/Promoters

- Verify if clients are related to company management or hold >1% shares.

(xvi) Review of KYC & Turnover

- Validate client turnover against financial income and net worth.

(xvii) Graded Surveillance Measures (GSM)

- Implement GSM for securities with abnormal price rises.

(xviii) Additional Surveillance Measures (ASM)

- Apply ASM based on parameters like price variation, volatility, and client concentration.

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5. Record Maintenance

- Maintain a register (electronic/physical) for all alerts generated.
- Preserve records for five years from the date of receiving alerts.

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6. Reporting

- Submit quarterly reports to NSDL within 15 days of the quarter-end.
- Report major surveillance actions taken during the quarter.

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7. Review and Updates

- Review the Surveillance Policy annually or as required by regulatory changes.
- Ensure updates are consistent with applicable laws and rules.

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8. Compliance

- Non-compliance with this SOP may result in disciplinary action as per company policies.

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9. Effective Date
This SOP is effective from 30/01/2025.
