



Standard Operating Procedure for processing of Surveillance Obligation and Alerts

(Member: BSE, NSE & CDSL)

(Version 1.6 dated 01.01.2026)

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(Version 1.4 dated 01.10.2024)

Standard Operating Procedure (SOP) for Processing of Surveillance Alerts

Reference:

- CDSL Communiqué no. CDSL/OPS/DP/SYSTEM/2021/309 dated July 15, 2021
- CDSL Communiqué no. CDSL/OPS/DP/SYSTEM/2022/5 dated January 04, 2022
- CDSL Communiqué no. CDSL/SURV/DP/POLICY/2023/88 dated February 10, 2023
- CDSL Communiqué no. CDSL/OPS/DP/SYSTEM/2024/341 dated June 05, 2024

1. Introduction

GEPL Capital Pvt Ltd ("GEPL"), as a Depository Participant (DP) registered with Central Depository Services (India) Limited (CDSL), is committed to ensuring compliance with regulatory guidelines concerning surveillance obligations. This document outlines GEPL's Surveillance Policy and Standard Operating Procedure (SOP) for processing surveillance alerts, in line with CDSL's directives, to ensure effective monitoring, reporting, and compliance.

2. Purpose

The purpose of this Surveillance Policy and SOP is to:

- Establish a robust surveillance framework for monitoring and detecting suspicious or manipulative transactions.
- Define the process for handling surveillance alerts, including alerts generated internally and those provided by CDSL.
- Ensure compliance with SEBI, CDSL, and other regulatory requirements.
- Provide a structured approach for alert generation, review, disposal, and reporting.

3. Scope and Objectives

The objectives of this policy are to:

1. **Implement a Surveillance Framework:** To detect, monitor, and analyze transactions for suspicious or manipulative activities.
2. **Client Due Diligence (CDD):** Conduct ongoing due diligence of clients and update key KYC parameters periodically.
3. **Alert Processing:** Ensure timely review and disposal of alerts within stipulated timelines.
4. **Reporting:** Submit quarterly reports to CDSL and other regulatory authorities as required
5. **Record Maintenance:** Maintain detailed records of alerts, actions taken, and reasons for delays (if any).

4. Surveillance Framework Alert Generation:

GEPL shall generate surveillance alerts based on the following:

A. Exchange Alerts (CDSL/NSDL):

6. **Multiple Demat Accounts Alert:** Triggered when accounts are opened with the same PAN, mobile number, email ID, or address.
7. **Bounced Communication Alert:** Triggered when emails or letters sent to the client's registered email ID or address bounce back.
8. **Frequent Changes Alert:** Generated for frequent changes in demat account details (e.g., address, email, mobile number).
9. **Frequent Off-Market Transfers Alert:** Triggered for frequent off-market transfers by a client within a specified period.
10. **Off-Market Transfers vs. Client Profile Alert:** Triggered when off-market transfers are inconsistent with the client's income or net worth.
11. **Pledge Transactions Alert:** Generated for pledge transactions inconsistent with the client's income or net worth.
12. **High-Value Off-Market Transfers:** Triggered for high-value off-market transfers immediately after modifications in demat account details.
13. **Off-Market Transfer Reasons Alert:** Review of reasons provided by clients for off-market transfers (e.g., gifts, donations).
14. **Newly Opened Accounts Alert:** Triggered for sudden increases in transaction activity in newly opened accounts, followed by dormancy.
15. **General Alerts for Market Manipulation:** Any other alerts designed to prevent and detect market manipulation activities.

B. In-House Alerts:

1. **Significant Trading Activity:** Clients or groups of clients accounting for a significant percentage of total trading activity in a scrip/contract.
2. **Disproportionate Trading Activity:** Trading activity inconsistent with the client's reported income or net worth.
3. **Frequent KYC Changes:** Frequent changes in KYC details submitted by clients.
4. **Suspicious Trading Activity:** Clients with possible connections to listed companies undertaking suspicious trading activities.

5. **Pledge-Related Alerts:** Significant trading activity in scrips where clients have pledged shares.
6. **IP Address Monitoring:** Surveillance of IP addresses for multiple client codes trading from the same location.

5. Alert Processing SOP

- A. Alert Identification:** Alerts are identified either from CDSL or internally by GEPL's surveillance system.
- B. Preliminary Review:** The compliance team reviews the alert for legitimacy and gathers supporting data.
- C. Client Communication:** If required, the client is contacted to provide clarification or documentation.
- D. Verification & Analysis:** Documents such as demat statements, financials, and transaction rationale are analysed.
- E. Maker-Checker Mechanism:** The alert disposition process follows a dual-review system for accuracy and compliance.
- F. Decision & Reporting:** The alert is either closed (with justification) or reported to CDSL/regulators if anomalies persist.
- G. Documentation & Record Keeping:** All actions taken are recorded for audit and regulatory reference.

6. Timelines for Alert Processing

- Alerts must be disposed of within 30 days from the date of generation (both internal and CDSL-provided alerts).
- In case of delayed disposal, reasons for delay must be documented.
- Quarterly reporting of alert status to CDSL is mandatory.

7. Reporting Obligations

- **Adverse Observations:** Report verified alerts with adverse observations along with actions taken to CDSL within **7 days** of identification.
- **Quarterly Reporting:** Provide a quarterly report to CDSL detailing the status of alerts processed, with actions taken, within **15 days** from the end of the quarter. Include a '**NIL Report**' if there are no alerts to report.

8. Documentation and Record Maintenance

- Maintain detailed documentation for:
 - i. Reasons for any delays in alert disposition.

- ii. Actions taken concerning alerts in line with the Prevention of Money Laundering Act (PMLA).
- Keep records for the period specified under applicable statutes.

9. Review of Surveillance Policy

- Conduct an **annual review** of the surveillance policy to ensure its effectiveness and relevance.
- Submit updates or revisions for Board approval.

9. Escalation Procedure

- **High-Risk Alerts:** Escalated to the Head of Compliance immediately.
- **Regulatory Breach:** If a regulatory breach is suspected, the alert is reported to CDSL, SEBI, or other relevant authorities.
- **Periodic Review Meetings:** Held to discuss unresolved alerts and improvement areas.

10. Compliance & Review

- The Surveillance Policy shall be reviewed annually by the Compliance Officer.
- The SOP and alert parameters shall be periodically reviewed to incorporate regulatory changes and operational improvements.
- Internal audits will assess compliance with the SOP, alert handling efficiency, and regulatory adherence.

11. Non-Compliance & Disciplinary Actions

- Delayed or improper handling of alerts may result in penalties, temporary restrictions, or regulatory scrutiny.
- Non-compliance with surveillance obligations will invite disciplinary actions as per CDSL Bye-laws and DP Operating Instructions.

12. Conclusion

GEPL is committed to proactive surveillance, compliance, and risk management. This SOP ensures that surveillance alerts are handled effectively, timely, and in full regulatory compliance.

13. Approval & Implementation

This policy was reviewed and approved and adopted by the board of directors of GEPL Capital Private Limited on January 01, 2026.