

THE AKOLA URBAN COOP BANK LTD AKOLA

D-Mat Surveillance Policy

The D-Mat Surveillances Policy of The Akola Urban Co-operative Bank Ltd., is approved by its Board in the Board Meeting held on 22ND March 2024.

With respect to the transactional alerts being downloaded from the Exchanges/generated by the bank, the following activities will be carried out based on UCC parameters.

A. Monitoring and Reporting

- i. Generation of suitable surveillance alerts which may be guided by indicative themes (the list is inclusive and not exhaustive) given in point B below
- ii. Review and disposal of transactional alerts provided by CDSL (Transactional alerts provided by CDSL will be based on some thresholds. DPs may have their own different thresholds or own parameters to generate additional alerts of their own in point I above, so as to detect any suspicious transaction activity).
- iii. Disposal of alerts within 30 days from the date of alerts generated at DP end and alerts provided by CDSL.
- iv. Reporting to CDSL and other authorities as applicable, in case of any abnormal activity
- v. Documentation of reasons for delay, if any, in disposition of alerts.
- vi. Framework of appropriate actions that can be taken by the Participant as per obligations under Prevention of Money Laundering Act (PMLA)
- vii. Record maintenance for the period as stipulated under applicable statutes
- viii. The surveillance policy of the DPs shall be reviewed once in a year

B. Obligation of Bank to generate additional surveillance alerts

Bank is required to generate appropriate surveillance alerts as per given below

- 1 Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Bank.
- 2 Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
- 3 Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
- 4 Frequent Off-Market transfers by a client in a specified period



- 5 Off-market transfers not commensurate with the income/Networth of the client.
- 6 Pledge transactions not commensurate with the income/Networth of the client.
- 7 Off-market transfers (High Value) immediately after modification of details in demat account
- 8 Review of reasons of off-market transfers provided by client for off-market transfers visà-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
- 9 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.
- 10 Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

C. Obligation of Bank regarding Client due diligence:

The following activities required to be carried out by Bank for D-Mat Account holders due diligence:

- i. DP's are required to carry out the Due Diligence of their D-Mat Account holders on an on-going basis.
- ii. Bank shall ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the D-Mat Account holders is updated in Depository System.

D. Obligation of Bank for reporting the status of alerts generated by Bank –

Bank is required to maintain register (electronic/physical) for recording of all alerts generated.

- While reviewing alerts, Bank shall obtain transaction rationale, verify demat statement and also obtain supporting documents as required from the D-Mat Account holders
- After verifying the documentary evidences, Bank will record its observations for such identified transactions of its D-Mat Account holders.
- With respect to the transactional alerts provided by Depository, Bank shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to Depository) including action taken is updated within 30 days. Detailed procedure w.r.t sharing of alert by CDSL with Bank and report submission by Bank in this regard will be provided separately.
- With respect to the alerts generated at the Bank end, Bank 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. Detailed procedure w.r.t reporting of alert by Participants will be provided separately



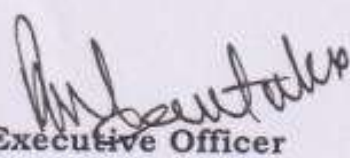
E. Obligation of Compliance officer and Internal Auditor/Concurrent Auditor of the Bank

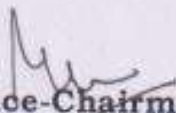
- The surveillance activities of Bank shall be conducted under overall supervision of its Compliance Officer.
- A quarterly MIS shall be put up to the Board on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Board shall be apprised of any exception noticed during the disposal of alerts.
- Internal auditor of Bank 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.
- Internal Auditor shall verify that the quarterly MIS is prepared and placed before the Board of the Bank.


F. Obligation of Quarterly reporting of status of the alerts generated by Bank.

Bank is also required to provide duly approved status of the alerts on a quarterly basis in the prescribed format.

The above Policy was approved by the Board of Directors of the The Akola Urban Co-operative Bank Ltd., Akola at its meeting held on 22nd March 2024 vide resolution No.07.


Chief Executive Officer


Hon. Vice-Chairman


Hon. Chairman

