PAWAN PARMESHWAR CAPITAL PVT LTD

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Member: NSE Code: 00188 | BSE Code: 0550

Surveillance Obligations of Members (SORM) Policy

Version 2.0

Policy Title	Surveillance Obligations of Members (SORM) Policy
Version	2.0
Date of Approval	16-10-2025
Effective Date	16-10-2025
Owner	Compliance Department
Approving Authority	Board of Directors of Pawan Parmeshwar Capital Pvt Ltd
Next Review Date	Annually, or earlier upon regulatory change
Replaces	SORM Policy (legacy version, in force prior to this revision)

1. Introduction and Purpose

Pawan Parmeshwar Capital Pvt Ltd ("the Company") is a Stock Broker registered with the Securities and Exchange Board of India ("SEBI") and a Trading Member of the National Stock Exchange of India Ltd (NSE Code 00188) and BSE Limited (BSE Code 0550).

The Stock Exchanges and SEBI have, from time to time, mandated that Trading Members (referred to as "Members" in this policy) implement an internal surveillance framework to monitor client trading patterns, identify suspicious or unusual activity, and report such activity to the Exchanges where required. The Member's responsibilities in this regard are collectively referred to as "Surveillance Obligations of Members" (SORM).

This SORM Policy lays down the framework within which the Company shall discharge its surveillance obligations. It is framed for compliance with the SEBI Master Circular on Surveillance of Securities Market dated September 23, 2024 (which inter alia consolidates the requirements relating to suspicious trade reporting and the Internal Code of Conduct to prevent circulation of unauthenticated news), the SEBI Master Circular for Stock Brokers

SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025, the SEBI (Stock Brokers) Regulations, 1992 (as amended), the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("PFUTP Regulations"), the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"), and the surveillance-related bye-laws and circulars of NSE and BSE.

2. Scope and Applicability

This policy applies to the Company's surveillance activities in relation to:

- All trading activity of all clients across all segments (Cash, Equity Derivatives, Currency Derivatives, etc.) of NSE and BSE.
- All dealers and other employees of the Company engaged in receiving, executing or managing orders, and to all members of senior management and the Compliance Officer.
- Trading alerts received by the Company from the Exchanges, and trading patterns identified internally by the Company's own surveillance arrangements.

3. Definitions

4. Regulatory Framework

- SEBI Master Circular on Surveillance of Securities Market dated September 23, 2024.
- SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("PFUTP Regulations").
- SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended).
- SEBI (Stock Brokers) Regulations, 1992 (as amended), including Chapter IVA inserted by SEBI (Stock Brokers) (Amendment) Regulations, 2024 notified on June 27, 2024.
- SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025.
- Prevention of Money Laundering Act, 2002 and rules thereunder; SEBI AML Master Circular dated June 6, 2024.

- Bye-laws, Rules, Regulations and Circulars of NSE and BSE relating to surveillance, alerts and member obligations.

5. Surveillance Framework

5.1 In-House Surveillance

The Company shall maintain an in-house surveillance arrangement comprising:

- A trained surveillance / compliance team under the supervision of the Compliance Officer.
- Access to back-office reports, order management system reports, Exchange-downloaded files and other data sources required for identification of trading patterns.
- Documented procedures for identification, examination, escalation, closure and reporting of alerts (whether generated internally or received from the Exchanges).
- Designated dealing-desk supervision to identify on a real-time basis any obvious unusual order patterns.

5.2 Exchange Surveillance Alerts

Alerts are downloaded by the Company from the surveillance systems of NSE and BSE in accordance with the procedures and timelines prescribed by the Exchanges. Such Exchange Alerts shall be reviewed, examined and disposed of in accordance with the framework of this policy and within the timelines prescribed by the Exchanges.

5.3 Independence and Confidentiality of Surveillance Function

The surveillance / compliance team performing examination of alerts shall function independently of the dealing and sales functions. The fact that a client or security is under examination shall be treated as confidential and shall not be shared with the dealing or sales personnel save to the extent necessary for the examination or for implementation of corrective action.

6. Indicative Categories of Alerts

The following categories are indicative of the types of alerts that the Company shall be alive to (in addition to any alerts received from the Exchanges):

- Significant trading activity by a client in illiquid scrips.
- Large concentrated buy / sell volumes in a single scrip by a client or a group of related clients.
- Synchronised trading patterns between clients, suggesting concerted action.

- Reversal trades between same set of clients on the same day or across short periods (potential circular / wash trading patterns).
- Trading at prices significantly away from the prevailing market price (potential price-distortive activity).
- Frequent matching of buy and sell orders between related parties or between accounts using same IP address / device.
- Disproportionate trading activity relative to the client's declared financial profile or trading experience.
- Trading in advance of significant corporate announcements (potential insider trading patterns subject to the PIT Regulations and the Insider Trading Code v2.0).
- Trading in scrips or contracts that are subject to heightened Exchange surveillance (e.g., scrips moved into Trade-for-Trade segment, scrips with surveillance measures imposed).
- Sudden activation of dormant accounts followed by significant trading.
- Patterns suggestive of front-running of large institutional orders.
- High order-to-trade ratios or excessive cancellation patterns in algorithmic / high-frequency style usage.

This list is indicative and not exhaustive. The Compliance Officer shall expand and update the categories as required from time to time, having regard to circulars issued by SEBI and the Exchanges.

7. Examination and Disposal of Alerts

7.1 Examination Procedure

On generation of an internal alert or receipt of an Exchange Alert, the surveillance / compliance team shall:

- Examine the trading data underlying the alert including order log, trade log, contract notes, ledger, KYC details and historical pattern.
- Examine relationship and connection information available with the Company in respect of the client(s) involved, including common KYC details (PAN family, address, bank, phone, email, IP / device, introducer).
- Examine corporate action / news / corporate disclosure timing in respect of the security.
- Seek clarification or explanation from the client(s) where necessary, by written communication.
- Examine the dealer's records and recorded line, where the alert involves a particular dealer or terminal.

- Document the examination, conclusions and supporting evidence.

7.2 Closure of Alert

Following examination, each alert shall be closed with one of the following outcomes:

- "No Action" — the pattern is explained by legitimate activity; closure recorded.
- "Internal Advisory / Restriction" — internal advisory issued to the client or dealer; or trading restriction (e.g., margin uplift, scrip-level restriction, account-level restriction) imposed under the Risk Management and Surveillance Policy v2.0.
- "Reportable" — the alert and its examination are reported to the Exchange (in the form prescribed by the Exchange), and where applicable, to SEBI and/or the Financial Intelligence Unit-India (FIU-IND) under the AML/PMLA Policy v2.0.

7.3 Timelines

Alerts shall be examined and closed within the timelines prescribed by the Exchanges in their applicable circulars. Where no Exchange-prescribed timeline applies, the Compliance Officer shall set internal timelines proportionate to the nature and seriousness of the alert.

8. Reporting to Exchanges, SEBI and FIU-IND

Where the closure of an alert results in a Reportable outcome:

- The Compliance Officer shall ensure that the report to the Exchange is made in the form, manner and timeline prescribed.
- Where the matter has potential insider trading implications, the Compliance Officer shall coordinate with the Insider Trading Code v2.0 framework and (where required) make appropriate disclosure to the relevant authority.
- Where the matter has potential money laundering implications, the Principal Officer shall consider filing a Suspicious Transaction Report (STR) with FIU-IND under the AML/PMLA Policy v2.0.
- Where the matter has potential PFUTP implications, the Compliance Officer shall coordinate with the Exchange / SEBI as required.

9. Trading Restrictions Pending Examination or as Outcome

The Compliance Officer may, in consultation with senior management, impose any one or more of the following restrictions on a client account or a security pending examination or as outcome of an examination:

- Increased margin requirement.

- Reduction or freezing of exposure limits.
- Restriction on trading in specified scrips or contracts.
- Block on placement of new orders, pending clarification from the client.
- Disablement of trading rights for the account.

All restrictions shall be documented and communicated to the client in writing, with reasons (to the extent permitted under applicable law).

10. Cooperation with Exchanges, Clearing Corporations and SEBI

The Company shall provide to the Exchanges, Clearing Corporations, SEBI and other regulatory authorities all information, documents, records, voice recordings, system logs and explanations that they may seek in respect of trading activity, alerts, complaints or investigations. Such information shall be furnished within the timelines specified by the requesting authority. The Company shall not destroy or alter any records that are the subject of a regulatory enquiry until expressly authorised by the requesting authority.

11. Linkage with Internal Code of Conduct to Prevent Circulation of Unauthenticated News

Para 2.3 of the SEBI Master Circular on Surveillance of Securities Market dated September 23, 2024 requires every SEBI-registered market intermediary to adopt an Internal Code of Conduct to prevent the circulation of unauthenticated news. The Company has implemented this requirement through a separate Unauthenticated News Policy v2.0, which shall be read together with this SORM Policy v2.0. The surveillance team shall coordinate with the Compliance Officer in respect of any alert that originates from or is connected with circulation of unauthenticated news, market rumours or social-media / messaging-app activity by employees.

12. Training and Awareness

The Compliance Officer shall ensure that:

- All surveillance / compliance team members are trained on alert categories, examination techniques, regulatory framework and reporting timelines.
- All dealers and front-office staff receive periodic training on common alert patterns and the prohibition on engaging in or facilitating prohibited trading activity.
- Updates to the regulatory framework, additions to alert categories, and lessons learnt from closed alerts are disseminated to relevant personnel.
- Training attendance and acknowledgements are recorded and retained for the prescribed period.

13. Records and Retention

The Company shall maintain the following records in respect of its surveillance activities:

- Register of Alerts substantially in the form set out in Annexure A.
- Examination files for each alert, including underlying trading data, client clarifications, dealer records, and conclusions.
- Communications to and from the Exchanges, SEBI and (where applicable) FIU-IND in respect of alerts and reports.
- Records of trading restrictions imposed and lifted, with reasons.
- Training records relating to surveillance.

Records shall be retained for not less than 8 (eight) years from the date of creation, in accordance with the Registers and Records Manual v1.0, and for longer periods where required by reason of pending proceedings or specific direction from a regulatory authority.

14. Roles and Responsibilities

- Board of Directors: Approves this policy; reviews periodic reporting on surveillance activity, alerts and reportable matters; takes ultimate responsibility for the Company's surveillance framework.
- Compliance Officer (Mr. Rajkumar Pandey): Owns this policy; supervises the surveillance / compliance team; approves closure of alerts; signs off on reports to Exchanges, SEBI and FIU-IND; presents periodic reports to the Board.
- Surveillance / Compliance Team: Conducts day-to-day surveillance; examines alerts; documents examinations and conclusions; coordinates with dealers, risk and IT functions; drafts reports to regulatory authorities.
- Risk Management Function: Implements trading restrictions imposed by the Compliance Officer; provides risk and exposure data required for alert examination.
- Information Technology Function: Maintains the systems used for surveillance, downloads and archival of Exchange alerts, and audit trail of all surveillance-related activity.
- Dealers and Sales personnel: Cooperate with examination of alerts; provide explanations and documentation as required; refrain from any activity falling within the alert categories.
- All employees: Comply with the requirements of this policy and the Insider Trading Code v2.0 and Unauthenticated News Policy v2.0; report any suspicion of prohibited trading activity to the Compliance Officer.

15. Reporting and Review

The Compliance Officer shall present to the Board:

- A quarterly summary of alerts generated, examined and closed, by outcome category.
- A summary of reports made to Exchanges, SEBI and FIU-IND in the quarter.
- Material restrictions imposed on client accounts or securities and the rationale.
- Any communication received from regulatory authorities in respect of surveillance matters and the response.

This policy shall be reviewed annually and amended in response to changes in SEBI / Exchange surveillance circulars and learning from operational experience.

Annexure A — Register of Alerts (Template)

To be maintained by the surveillance / compliance team under the supervision of the Compliance Officer. Format may be implemented in electronic or physical form.

Field	Particulars
Alert Serial Number	
Date of Alert	
Source (Internal / NSE Alert / BSE Alert / Other)	
Alert Category	
UCC(s) Involved	
Security / Contract	
Trading Period Covered	
Summary of Trading Pattern	
Client Clarification Sought (Date)	
Client Response Received (Date)	
Examination Conclusion	
Closure Category (No Action / Advisory / Restriction / Reportable)	
Restriction Imposed (if any)	
Reported to (Exchange / SEBI / FIU-IND / Other) and Date	
Closure Date and Closure Authorised by	
Remarks	

Board Approval

This SORM Policy (2.0) has been reviewed and approved by the Board of Directors of Pawan Parmeshwar Capital Pvt Ltd at its meeting held on 16-10-2025.

The Board has also recorded, on the same date, the following:

- The Board notes that this policy aligns the Company with the SEBI Master Circular on Surveillance of Securities Market dated September 23, 2024, the SEBI Master Circular for Stock Brokers dated June 17, 2025, the PFUTP Regulations, the PIT Regulations, and the surveillance-related bye-laws and circulars of NSE and BSE.
- The Board confirms Mr. Rajkumar Pandey as the policy owner and Compliance Officer responsible for the surveillance function, approval of alert closures, and reporting to Exchanges, SEBI and FIU-IND.
- The Board confirms that the surveillance / compliance team shall function independently of the dealing and sales functions and that the confidentiality of examinations shall be preserved.
- The Board notes that this policy is to be read together with the Risk Management and Surveillance Policy v2.0 (overlapping in relation to risk-based restrictions), the Unauthenticated News Policy v2.0 (in relation to the SEBI Internal Code of Conduct under Para 2.3 of the Surveillance Master Circular), the Insider Trading Code v2.0, and the AML/PMLA Policy v2.0.
- The Board ratifies the retention of surveillance records for 8 years (or longer where required), consistent with the Registers and Records Manual v1.0.

For PAWAN PARMESHWAR CAPITAL PVT. LTD.

~~Director / Authorised Signatory~~

PAWAN PARMESHWAR CAPITAL PVT. LTD. MUMBAI

Director / Authorised Signatory

Name: Pawankumar Choudhary

Designation: Director

Date: 16-10-2025

Place: Mumbai