

## **AUTHORISED PERSON (AP) POLICY**

### **1. Objective**

The objective of this Policy is to establish a framework for appointment, supervision, monitoring and control of Authorised Persons (APs) engaged by the Trading Member to ensure compliance with SEBI, Exchange Bye-laws, Rules, Regulations, Circulars and internal policies.

### **2. Scope**

This Policy shall apply to all Authorised Persons appointed by the Trading Member for carrying out activities relating to securities trading on behalf of the Trading Member.

### **3. Eligibility**

An Authorised Person shall:

- Be registered with the Stock Exchange(s) through the Trading Member.
- Fulfil all eligibility criteria prescribed by SEBI and the respective Exchange(s).
- Execute the prescribed agreement with the Trading Member.
- Obtain necessary NISM certifications wherever applicable.
- Not be debarred, suspended or declared defaulter by SEBI, Stock Exchange or any regulatory authority.

### **4. Appointment Process**

Before appointment of an AP, the Trading Member shall:

- Conduct due diligence.
- Verify PAN, Aadhaar, address proof and other KYC documents.
- Verify financial soundness and business reputation.
- Obtain declaration regarding regulatory actions, if any.
- Execute the Authorised Person Agreement.
- Register the AP with the Stock Exchange(s).
- Maintain all documents relating to appointment.

### **5. Roles and Responsibilities of Authorised Person**

The Authorised Person shall:

- Act strictly within the authority granted by the Trading Member.
- Introduce clients to the Trading Member.
- Assist clients in account opening.
- Facilitate order placement through approved systems.
- Comply with all SEBI and Exchange regulations.
- Maintain confidentiality of client information.

- Cooperate during inspections and audits.
- Immediately report any suspicious transactions or regulatory concerns.

## **6. Activities Prohibited for Authorised Persons**

The AP shall not:

- Collect cash from clients.
- Maintain client funds or securities in personal accounts.
- Issue contract notes.
- Promise assured returns.
- Execute trades without client authorization.
- Operate unauthorized trading terminals.
- Misrepresent itself as an independent stock broker.
- Advertise or market services without prior approval of the Trading Member.
- Undertake activities prohibited by SEBI or the Exchange.

## **7. Client Registration**

All client registrations shall:

- Be carried out only through the Trading Member's approved systems.
- Follow KYC and AML requirements.
- Be approved by the Trading Member before activation.
- Be subject to verification wherever required.

## **8. Supervision and Monitoring**

The Trading Member shall:

- Monitor activities of all APs on an ongoing basis.
- Review client complaints relating to APs.
- Conduct periodic compliance reviews.
- Verify adherence to regulatory requirements.
- Conduct surprise inspections wherever necessary.
- Maintain records of inspections and observations.

## **9. Infrastructure Requirements**

The AP shall maintain:

- Secure office premises.
- Proper display of Exchange registration details.
- Secure handling of client information.
- Adequate cybersecurity controls where applicable.
- Proper record maintenance.

## **10. Investor Protection**

The AP shall:

- Display Investor Charter and grievance details.
- Educate investors regarding risks.
- Assist clients in grievance redressal.
- Never induce clients through misleading statements.

## **11. Record Maintenance**

The following records shall be maintained:

- AP Registration Certificate.
- AP Agreement.
- KYC documents.
- Due diligence records.
- Inspection reports.
- Complaint register.
- Training records.
- Communication with Exchanges.
- Regulatory correspondence.

Records shall be preserved as prescribed by SEBI and the Stock Exchange.

## **12. Training**

The Trading Member shall periodically provide training on:

- SEBI Regulations.
- Exchange Circulars.
- AML/KYC requirements.
- Cybersecurity awareness.
- Investor protection.
- Internal compliance procedures.

## **13. Complaints Handling**

- All complaints against APs shall be recorded.
- Complaints shall be investigated promptly.
- Corrective actions shall be documented.
- Serious violations shall be reported to the Exchange wherever required.

## **14. Inspection and Audit**

The Trading Member may conduct:

- Periodic inspections.
- Surprise inspections.
- Compliance audits.
- Review of client interactions.
- Verification of infrastructure and records.

## **15. Disciplinary Action**

In case of non-compliance, the Trading Member may:

- Issue warning.
- Suspend operations.
- Impose restrictions.
- Recommend cancellation of AP registration.
- Report serious violations to the Stock Exchange and SEBI.

## **16. Termination**

The AP arrangement may be terminated:

- On resignation.
- On regulatory disqualification.
- On breach of agreement.
- On serious misconduct.
- As directed by SEBI or the Stock Exchange.

Necessary intimations shall be made to the Stock Exchange within the prescribed timelines.

## **17. Review of Policy**

This Policy shall be reviewed annually or whenever required due to changes in SEBI regulations, Stock Exchange circulars or internal business requirements.

## **18. Approval**

This Policy has been approved by the Board of Directors.

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