AUTHORIZED PERSON (AP) POLICY

1. Objective & Scope

This policy establishes a unified framework for onboarding, operating, monitoring, and terminating Authorized Persons (APs) in strict compliance with the Securities and Exchange Board of India (SEBI) guidelines, as well as the rules, bye-laws, and circulars of the Bombay Stock Exchange (BSE), National Stock Exchange (NSE), and Multi Commodity Exchange (MCX). This policy applies to all business segments including Equity, F&O, Commodity Derivatives, and Currency Derivatives.

2. Eligibility Criteria & Onboarding Framework

No individual or entity shall be onboarded as an Authorized Person unless they fulfill the following absolute criteria:

- **Legal Status:** Must be an individual, partnership firm, LLP, or a corporate body.
- **Age & Education:** Individual applicants/partners must be at least 18 years of age and possess a minimum educational qualification of HSC (10+2) or equivalent.
- **Certifications:** Must hold valid NISM Series VIII (Equity Derivatives), NISM Series XV (Research Analyst), NISM Series XVI (Commodity Derivatives), or relevant segment-specific certifications as mandated by SEBI from time to time.
- **Fit and Proper Person Check:** Background screening must verify that the applicant has not been convicted of any offense involving fraud or dishonesty, is not an undischarged insolvent, and has no pending regulatory actions by SEBI or other financial regulators.
- **Infrastructure:** Access to necessary office space, equipment, and communication connectivity required to execute trading system terminal accesses safely.

3. Prohibition of Fund and Security Flows

To eliminate systemic operational risks and market abuse, the following restrictions are strictly implemented and monitored:

- **Direct Collections Prohibited:** APs are absolute agents and are strictly prohibited from receiving client funds via cash, personal checks, or digital transfers into their own bank accounts.
- **Direct Payouts Prohibited:** All monetary payouts, credits, or dividends must flow directly from the Stockbroker's official bank account to the client's verified banking node.
- **Securities Isolation:** APs shall not handle client physical share certificates or execute off-market transfers through their own demat accounts. All securities must map directly to the Client Demat Account and the Main Broker Pool Account.
- **Prohibition on Assured Returns:** APs shall not run or advertise any portfolio management, dabba trading, or assured/guaranteed return schemes. Any violation

leads to immediate terminal lockout.

4. Physical and Digital Compliance Infrastructure

APs must explicitly display the following regulatory assets at each physical operating office location:

1. **Notice Board Disclosure:** Standard notice detailing their status as an AP of the Main Broker, including the official SEBI Registration Number of the principal broker.
2. **Grievance Redressal Matrix:** Contact names, email addresses, and phone numbers of the Compliance Officer of the Stockbroker, alongside SEBI SCORES portal details.
3. **Order Execution Architecture:** All orders must be placed through the designated terminal links provided by the main broker. If orders are received via telephone, APs must maintain an active, secure digital voice logging system to record client consent.

5. Periodic Monitoring, Audit, and Inspection Matrix

The Internal Compliance Team shall enforce a multi-tiered inspection mechanism as detailed below:

Frequency	Inspection Type	Core Compliance Parameters & Deliverables
Monthly	Off-site Log Audit	Review of CTCL/NEAT terminal login IPs, volume spikes, concentration of trades, and digital voice logs for telephone orders.
Quarterly	Financial Reconciliation	Cross-matching client ledgers to verify zero instances of third-party bank or demat account interactions.
Annually	On-site Physical Audit	Physical inspection of office premises, mandatory notice board displays, grievance matrix visibility, and validation of updated NISM certifications.

6. Disciplinary Framework, Terminal Deactivation & Cancellation

The Stockbroker holds absolute power to execute punitive measures against defaulting APs:

- **Immediate Terminal Lockout:** Deactivation of trading terminals within 10 minutes of discovering severe non-compliance, unauthorized dabba trading, or third-party money pooling.
- **Commission Freezing:** All accrued commissions and payouts shall be withheld pending complete operational and forensic audit findings.
- **Regulatory Escalation:** Violations impacting client assets will be reported to BSE, NSE, MCX, and SEBI compliance boards within 24 hours of confirmation.
- **Public Notification:** Upon formal cancellation of an AP's registration, a notice will be published on the principal stockbroker's website, and clients will be re-mapped directly to the main terminal architecture.

7. Policy Review & Governance

This policy shall be reviewed annually by the Board of Directors and modified dynamically to accommodate any fresh circulars or legal ordinances passed by SEBI or the exchanges. The Compliance Officer shall maintain tracking of all versions and inspection records for a rolling lookback period of minimum 8 years as required under SEBI data maintenance rules.