

GUIDELINES FOR INSPECTION OF AUTHORISED PERSON

SEBI/NSE vide their circular dated October 18, 2019 Circular No: NSE/INSP/42448 has issued guidelines with regards to monitoring and review of trading activities of the APs (Authorised Persons) & branches including periodic inspection of branches assigned to APs and records of the operations carried out by them. In order to enhance the effectiveness of the supervision and ensure uniformity & standardization SEBI has issued certain guidelines in regards to inspection of APs/Branches:

APs are required to maintain and abide to the following mentioned Points, to avoid the Penalties and legal implications:

1. All AP clients should be registered directly with PKC Stock Broking only.
2. Adequate systems, including voice recording (wherever applicable) should be put in place for recording of order placement from clients.
3. There should not be any movement of Funds and securities between the client and AP official for settlement of trades on the Exchange. Demat statement and bank accounts of the AP to be examined to verify such instances. Bank Statement and DP statement of your OWN accounts to be submitted, Quarterly.
4. There should not be any cash dealings at the AP office.
5. Documents like contract note, statement of funds, daily margin statement should not be generated and issued by the AP, they should be issued by the Company only. However, the AP may provide administrative assistance in procurement of documents.
6. All terminals are at Company's location and such information is provided to exchange.
7. Trading terminals situated at the location should be operated by approved and certified users only.
8. Notice board of the Trading Member containing all details/information prescribed from time to time, should be displayed at the inspection location.
9. SEBI registration certificate of the Trading Member and registration letter issued by the Exchange should be displayed at the inspection location.
10. As required by SEBI circular CIR/MIRSD/3/2014 dated August 28, 2014, information about the grievance redressal mechanism available to investors must be prominently displayed at the location.
11. The Authorised Person should not be involved in any fund based activities / collecting deposits from investors / dabba trading / chit funds or any other such schemes.
12. The AP should not deal with any other trading member/AP on behalf of its clients / self on the same Stock Exchange.
13. The AP should not deal with any unregistered intermediary on behalf of its clients / self.
14. The AP should not involved in accepting deposits from the public and giving assured returns.
15. Advertisements soliciting business are not issued by the Authorised Person in newspapers / pamphlets / journals / magazines etc. without appropriate prior approvals from PKC Stock Broking Pvt. Ltd.
16. Complaints received at the AP location are to be handled and records should be maintained as per the regulatory requirement.
17. The AP should have the necessary infrastructure like adequate office space, equipment etc to effectively discharge the activities on behalf of the PKC.
18. Proper segregation and demarcation should be maintained at AP office in case terminal of a different Member is operated or any permissible activity other than the broking business is carried out.
19. The AP records/data should be properly maintained with confidentiality in a secure manner including sufficient backup.



20. In case of change/shifting of location of AP, the following is ensured:-

- a) All clients mapped to the AP must be notified at least thirty days before the change.
- b) Notice Board and applicable SEBI registration certificates should be immediately be put up at the new location.
- c) The new location shall be duly reported to the Exchange and the old location should be deactivated. New terminal details shall also be uploaded to the Exchange.

21. Quarterly Report of Inspection shall, in addition to the above clearly comment on the following:-

- a) The functioning of the AP. The various activities undertaken by the AP
- b) Number of Employees of the AP
- c) Number of clients mapped to the AP
- d) Process of Client registration and on boarding.
- e) Order placing mechanism at AP level.
- f) Role of APs with respect to pay-in & pay-out of funds/securities with clients.

The above guidelines were approved by the Board of Directors of the company at its meeting held on 27.12.2019.

For PKC STOCK BROKING PRIVATE LIMITED


Managing Director