

Authorised Person (AP) Policy

1. Purpose

This policy establishes the framework for appointment, operation, supervision, and compliance of Authorised Persons (APs) engaged by CapitalSquare Financial Services Pvt. Ltd. (“the Company”) in accordance with applicable regulations issued by the Securities and Exchange Board of India (SEBI) and recognized stock exchanges. The objective is to ensure transparency, investor protection, and regulatory compliance.

2. Scope

This policy applies to:

- All existing and prospective Authorised Persons
- Employees managing AP relationships
- Branches, business associates, and outsourced partners involved in AP activities

3. Definition

An **Authorised Person (AP)** is an individual, partnership firm, LLP, or corporate entity appointed by a registered stock broker to act on its behalf for client acquisition and related activities, as permitted under exchange regulations of:

- National Stock Exchange of India
- BSE Limited

APs act as intermediaries and do not hold client funds or securities.

4. Regulatory Framework

All AP arrangements shall comply with:

- SEBI regulations applicable to stock brokers and intermediaries
- Exchange bye-laws, rules, and circulars
- KYC/AML guidelines issued by SEBI and FIU-IND
- Internal compliance and risk management policies

5. Eligibility Criteria for AP Appointment

An AP must:

- Be legally eligible to operate (individual or registered entity)
- Have no history of regulatory violations or fraud



- Maintain adequate infrastructure (office, systems, connectivity)
- Demonstrate financial stability and business capability
- Ensure key personnel meet fit and proper criteria
- Complete mandatory onboarding documentation

6. Appointment Process

The appointment process includes:

1. **Application Submission** - AP application form with required documents
2. **Due Diligence Verification** - Identity, background, financial, and reputational checks
3. **Agreement Execution** - Formal AP agreement defining roles, responsibilities, and revenue sharing
4. **Exchange Approval** - Submission to relevant exchange (NSE/BSE) for registration
5. **Activation** - AP code generation and operational onboarding

7. Roles & Responsibilities of APs

7.1 Permitted Activities

APs may:

- Source and refer clients
- Assist in client onboarding and documentation
- Facilitate order placement through broker systems
- Provide basic product information (non-advisory unless separately authorised)

7.2 Prohibited Activities

APs must NOT:

- Handle client funds or securities
- Issue contract notes or official statements
- Provide unauthorised investment advice
- Misrepresent returns or guarantee profits
- Use the broker's name for unauthorised schemes

8. Broker Responsibilities

The Company shall:

- Remain fully responsible for all AP activities



- Supervise AP conduct continuously
- Ensure compliance with regulatory requirements
- Maintain proper records of all AP dealings
- Provide training and compliance updates

9. Compliance Requirements

All APs must:

- Follow SEBI and exchange regulations
- Maintain proper client KYC records
- Display AP registration details at premises
- Adhere to AML and anti-fraud requirements
- Cooperate with audits and inspections

10. Revenue Sharing

- Revenue-sharing arrangements shall be clearly defined in the AP agreement
- Payments shall be made only through banking channels
- No cash payments or informal commissions are permitted
- All payouts must comply with regulatory norms

11. Supervision & Monitoring

The Company shall implement:

- Periodic AP performance review
- Surveillance of client acquisition patterns
- Inspection of AP offices (physical or virtual)
- Review of complaints linked to APs
- Risk-based monitoring of high-volume APs

12. Client Protection Measures

- All client accounts must be opened directly with the broker
- Funds/securities must never be handled by APs
- All communications must clearly disclose broker identity
- Complaint handling mechanism must be centrally managed



13. Code of Conduct

APs must:

- Act honestly, fairly, and in good faith
- Avoid conflicts of interest
- Maintain confidentiality of client information
- Refrain from misleading advertising or inducements
- Ensure transparency in dealings

14. Suspension and Termination

The Company may suspend or terminate an AP in case of:

- Regulatory non-compliance
- Fraudulent or unethical practices
- Repeated client complaints
- Misuse of broker brand or systems
- Failure to meet performance or compliance standards

Termination shall be reported to the relevant exchange as required.

15. Record Keeping

The Company shall maintain:

- AP agreements and approvals
- Due diligence records
- Client introduction records
- Commission payout records
- Audit and inspection reports

Records shall be retained as per SEBI/exchange-prescribed timelines.

16. Training & Awareness

- Mandatory onboarding training for all APs
- Periodic compliance refreshers
- Updates on regulatory changes and exchange circulars
- Training on KYC, AML, and client protection standards



17. Grievance Handling

- Client complaints related to APs shall be handled centrally by the broker
- APs must promptly forward all complaints to the compliance team
- Resolution timelines shall follow regulatory standards

18. Policy Review

This policy shall be reviewed:

- At least once annually
- Whenever there are regulatory updates from SEBI or exchanges
- After significant operational or structural changes

For CapitalSquare Financial Services Pvt. Ltd.


Authorised Signatory

