



## **Policy and Procedure for Appointment of Authorized Person and Opening Branches**

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- **Reviewed On:** 15-03-2024
- **Reviewed By:** Ajay Gangwal

**1. Introduction:** This policy outlines the procedures and criteria for appointing Authorized Persons (AP) and opening new branches under the stock brokerage firm, **Siddhartha Commodities Private Limited**, which holds memberships with **MCX (Multi Commodity Exchange)** and **NSE (National Stock Exchange)**.

**2. Objective:** To ensure that appointments of Authorized Persons (AP) and establishment of branches are conducted in a transparent, compliant, and systematic manner, adhering to the rules and regulations set by MCX and NSE.

### **3. Appointment of Authorized Person (AP)**

#### **3.1 Eligibility Criteria for Authorized Person:**

- The individual must meet the minimum qualifications and experience as per the exchange requirements.
- The individual should be of sound financial standing and should not have been convicted in any criminal offense or regulatory violation.
- The individual must comply with all KYC (Know Your Customer) norms as prescribed by the company and the regulatory authorities.

The AP should have knowledge of stock and commodity markets, trading platforms, and risk management.

### 3.2 Process for Appointment:

- **Application:** The AP must submit a formal application to **Siddhartha Commodities Private Limited** with details of professional qualifications, work experience, financial standing, and the reasons for appointment.
- **Due Diligence:** A thorough due diligence process, including background checks, financial assessments, and references, must be conducted.
- **Approval:** Upon successful due diligence, the AP is appointed by the senior management of the firm and a formal agreement is signed between the AP and the brokerage, outlining duties, commissions, and obligations.
- **Training:** The AP will undergo a mandatory training program to familiarize them with company policies, trading systems, and compliance procedures.
- **SEBI and Exchange Registration:** The AP must complete the necessary registration with the respective exchanges (MCX or NSE) and SEBI, where applicable.

### 3.3 Rights and Obligations:

- The AP will have the right to solicit business on behalf of **Siddhartha Commodities Private Limited**, but must follow all regulatory and company guidelines.
- The AP is responsible for promoting ethical trading practices and maintaining confidentiality of client information.
- The AP is expected to comply with all reporting requirements and provide regular updates to the company on business activities.
- Authorised person shall ensure compliance with all rules/regulation of various Exchanges and strict adherence with PMLA guidelines.

## 4. Opening New Branches

### 4.1 Eligibility for Opening a Branch:

- A branch can only be opened in locations that have a significant demand for trading services and are in compliance with regulatory and legal requirements.
- The branch must have an adequately qualified staff (Manager), with a minimum of one licensed professional who is familiar with regulatory obligations and market operations.
- The company should assess the financial feasibility and expected return on investment for the proposed branch.
- A physical office must be established, equipped with necessary facilities for trading, client interaction, and compliance record-keeping.

#### 4.2 Process for Opening a Branch:

- **Request for Branch Opening:** The request to open a new branch is initiated by the senior management of **Siddhartha Commodities Private Limited** or through an authorized representative.
- **Approval:** The management evaluates the request based on the geographical demand, available infrastructure, and market conditions. Once the evaluation is complete, approval is granted.
- **Office Setup:** Once approval is received, the branch is set up with proper facilities for clients to execute trades and access customer support.
- **Staffing and Training:** A qualified team, including trading and customer support personnel, is hired for the branch. All branch staff undergoes training in compliance and regulatory guidelines.
- **Monitoring:** Once operational, the branch is regularly monitored by the head office for compliance, performance, and market activity.

#### 4.3 Branch Management:

- Branch managers will report directly to the senior management of the company and are responsible for overseeing the operations, client interactions, and regulatory compliance of the branch.
- Branches are subject to internal audits and checks to ensure all activities align with **Siddhartha Commodities Private Limited**'s policies and the applicable regulations set by MCX and NSE.
- Any significant discrepancies or non-compliance issues must be reported immediately to senior management, and corrective actions must be taken.

#### 5. Compliances

- Branch /Authorised person shall ensure compliance with all rules/regulation of various Exchanges and strict adherence with PMLA guidelines.
- Company will conduct periodically audit as per Sebi and exchanges guidelines.
- All details about authorised person and Branches will be published on website like address, Contact Person, Contact Number and email ids.
- Closure of Branch and Authorised Person: If any branch is closed or Authorised Person surrender his membership, we inform our all clients via email.

#### 6. Review

- This policy will be reviewed periodically (at least annually) by **Ajay Gangwal** or the compliance officer to ensure that it remains in compliance with the latest regulations from MCX, NSE, and other relevant authorities. Any updates or changes to the policy will be communicated to all relevant stakeholders.