NOTICES

Notice No.	20191018-43	**Notice Date**	18 Oct 2019
Category	Compliance	**Segment**	General
Subject	Framework for Supervision of Authorised Persons (APs) &Branches by Members		
Attachments	Annexure-A.pdf		

Content

Member's attention is drawn to SEBI circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and Exchange Notice no. 20100224-18, dated February 24, 2010, on the supervisory framework with respect to Member's branches and Authorised Persons (AP) network.

To enhance the effectiveness of the supervision and ensure uniformity & standardisation across all Members, following guidelines, framed in joint consultation with SEBI & other Exchanges, are being issued:

i. Every Trading Member shall be required to inspect every year at least 30% of its active Authorized Persons/ Branches and also ensure that, each active AP/ Branch is inspected at least once in every three years. For this purpose, an active AP/ Branch would mean one who have executed even a single transaction during financial year and is engaged in servicing the clients.

ii. APs/Branches meeting any of the below criteria shall be inspected annually, irrespective of when the last inspection was carried out:

a) APs/Branches with more than 500 registered clients across Exchanges.
b) APs with more than 20 trading terminals and Branches with more than 50 trading terminals, across all segments/Exchanges.
c) APs/Branches against which more than 3 complaints have been received during the previous year.

In case of any inputs/ alerts about any suspicious transactions/dealing/assured returns etc. by an AP or a branch, Member shall carry out an immediate inspection, irrespective when the last inspection was carried out an initiate appropriate action.

iii. The indicative scope of the Inspection to be carried out is outlined in **Annexure A**.

The aforesaid guidelines are applicable with immediate effect, however for the **current FY i.e. FY 2019-20,** Members shall cover **15% of their active Authorized Persons/ Branches**.

Members are advised to put in place adequate mechanisms to review the inspection reports and take suitable actions to ensure non-recurrence of any irregularities observed. Members shall on an annual basis place an MIS before their Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of inspections undertaken, irregularities observed and action taken.

All members are advised to take note of the contents of the circular and comply.

In case of any clarification required you may connect:

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For and On behalf of BSE Ltd.

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