1. Objective

To frame the guidelines for **CERTIFICATION OF ASSOCIATED PERSONS IN THE SECURITIES MARKETS** based on the Notification received from the exchanges/SEBI.

2. Brief about Exam Policy:

As per SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, SEBI may by notification in the Official Gazette require such categories of associated persons to obtain requisite certificate for engagement or employment with such classes of intermediaries and from such date as may be specified in the notification.

The SEBI for the purpose of issuing such notifications shall take into following consideration:

(a) whether the associated person as part of his work or operation deals or interacts with the investors, issuers or clients of intermediaries;

(b) whether the associated person deals with assets or funds of investor or clients;

(c) whether the associated person handles redressal of investor grievances;

(d) whether the associated person is responsible for internal control or risk management;

(e) whether the associated person is responsible for compliance of any rules or regulations;

(f) whether the associated person is engaged in activities that have a bearing on operational risk of the intermediary.

Accordingly the category of persons as notified by the SEBI from time to time are required to obtain the certification within such time as specified by SEBI.

Definitions:-

Associated person" means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working

in India

Certificate" means the certificate granted by NISM in accordance with these regulations

Distributor" means any person engaged by an intermediary or an issuer for the purpose of sale or distribution of securities;

Intermediary" means an entity registered under sections 11 or 12 of the Act and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization

Section-11 and 12 of the act reads -registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner

"**NISM**" means the National Institute of Securities Markets established by the Board;

"Principal" means persons who are actively engaged in the management of the intermediary's securities business including supervision, solicitation, conduct of business, and includes:

(1) Sole Proprietors
(2) Managing Partners and
(3) Whole Time Directors

3. Obligation to obtain certificate:

An associated person on being employed or engaged by an intermediary on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by the intermediary.

Provided that an associated person employed or engaged by an intermediary prior to the date specified by the Board may continue to be employed or engaged by the intermediary if he obtains the certificate within two years from the said date.

An associated person who, as on the date specified by the Board, holds a certificate for a category as recognized by the Board shall not be required to obtain a fresh certificate for the same category during the validity of such certificate.

4 Manner of obtaining certificate

(1) An associated person may obtain the certificate in any of the following manners, namely:-

(a) by passing a certification examination conducted by any organization or self regulatory organization approved or engaged as may be specified by NISM from time to time; or

(b) by obtaining such number of classroom credits accumulated through attending classes on such subjects as may be specified by NISM from time to time; or

(c) by delivering such number of formal classroom sessions in all or specific programmes of continuing professional education as may be specified by NISM from time to time.

(2) An associated person being principal shall obtain the certificate in any of the manners specified in clause (a) or clause (b) or clause (c) of sub regulation (1).

(3) An associated person, other than a principal, who has attained the age of fifty years or who has atleast ten years experience in the securities markets in the activities mentioned in sub regulation (4) of regulation 3 on the date specified in the notification issued under sub regulation (1) of regulation 3, shall obtain the certificate in the relevant category in the manner specified in clause (a) or clause (b) of sub regulation (1).

(4) An associated person other than those mentioned in sub regulation (2) or sub regulation (3) shall obtain the certificate in the manner specified in clause (a) of sub regulation (1).

5. **Validity period of certificate**

(1) The certificate granted under regulation 3 shall be valid for a period of three years from the date of the grant of the certificate or revalidation thereof as the case may be.

(2) Upon expiry of the validity of certificate possessed by an associated person, the certificate shall be revalidated for a period of three years at a time, provided the associated person successfully completes a programme of continuing professional education specified by NISM in accordance with Chapter IV of these regulations.

6. Continuing Professional Education requirements for associated persons

(1) NISM may specify the requirements for continuing professional education (CPE) for associated persons holding certificate and approve the programmes of CPE that may be conducted by accredited entities.

(2) No intermediary shall permit any associated person to continue and no associated person shall continue to perform duties as an associated person unless such person has complied with the requirements specified by NISM under sub regulation (1) within 3 years from the date of obtaining the certificate or revalidation thereof.

7. Intermediary to ensure participation in continuing professional education

(1) Each intermediary shall be responsible to ensure that its associated persons participate in a programme of continuing professional education approved by NISM under sub regulation (1) of regulation 9.

(2) Associated persons shall take all appropriate and reasonable steps to participate in a programme of continuing professional education as required by the intermediary.

Certification of associated persons to be pre-condition for registration of intermediaries.

Compliance with the provisions of these regulations shall be one of the factors to be taken into consideration by the Board for the purpose of determining eligibility criteria for grant or renewal of certificate of registration to an intermediary under the relevant regulations.

Accordingly VGSPL has ensured the compliance of the above requirements by obtaining the NISM certification for all the supervisory staff engaged in the specified working and will continue to follow the same on an ongoing basis as per following:.

As required in the aforesaid notification of SEBI, all existing persons associated with the Company as on date of publication and engaged in deal with:

(a) Clients or Assets or funds of investors or clients
(b) Redressal of investor grievances
(c) Internal control or risk management
(d) Ensuring compliance of rules and regulations of securities market.
(e) Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk, Management (SORM) within two years from the date of such notification. Simultaneously whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his /her employment/registration as sub-broker.

Exemption

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII - Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary lever / clerical level:

Internal Control or Risk Management

1. Inwarding or collateral's / Cheques
2. Person performing market entries
3. Maker entry in the database
4. Photocopying, printouts, scanning of documents
5. Preparing of MIS
6. Sending of letters / reports to clients, Exchanges, SEBI
7. Attending Calls, etc.

Redressal of Investor Grievances

1. Inwarding of complaints
2. Seeking documents from clients
3. Person performing maker entries
4. Maker entry in the database
5. Photocopying, printouts, scanning of documents
6. Preparing of MIS
7. Sending of letters / reports to clients, Exchanges, SEBI updation, data entry, uploading on
   SCORES
8. Attending calls, etc

Activities having a being on operational risk and dealing with assets of funds of investors of clients

1. Person performing maker entries
2. Maker entry in the database
3. Preparing of MIS
4. Generating of reports, Files
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters / reports to clients, Exchanges, SEBI
8. Attending calls, etc

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM – SORM Certification or such other prescribed certification at all times.

Reference

11-Mar-2013
Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities markets) Regulations, 2007
11-Jan-2013
Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities markets) Regulations, 2007
10-Dec-2010
Notification under Regulation 3 of the SEBI (Certification of Associated Persons in the Securities Market) Regulations, 2007
29-June-2010
Notification under regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007
31-May-2010
Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007
04-Sep-2009
Notification under regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007
11-Aug-2009
Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007
13-May-2009
Notification under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007
17-Oct-2007
Securities and Exchange Board of India (Certification Of Associated Persons In The Securities Markets) Regulations, 2007
NSE Circular no. NSE/INSP/16536 December 15, 2010
NSE Circular no. NSE/INSP/27495 September 02, 2014
BSE Notice no.20101215-19 dated Dmber 15,2010
BSE Notice no. 20140902-8 dated Septemeceber 02,2014