LLP Identification Number: AAX-1400

Policy on Pre- funded instruments

1. Objective

The objective of this policy is to define the framework and controls for acceptance and handling of pre-funded instruments from clients, in compliance with SEBI circular no. SEBI vide Circular No. SEBI / MRD / SE / Cir-33 / 2003 / 27 / 08 dated August 27, 2003, Stock Exchange circulars, and internal control requirements.

2. Regulatory Framework

This policy is framed in accordance with:

- SEBI circulars on collection and reporting of client funds
- Circulars/guidelines issued by Stock Exchanges (NSE/BSE/MCX/NCDEX, as applicable)
- Applicable provisions of the Prevention of Money Laundering Act (PMLA), 2002
- Internal Risk Management and Compliance policies of the Company

3. Applicability

This policy shall be applicable to:

- All clients of the Company
- All departments involved in receipt, processing, and accounting of client funds

4. Definition of Pre-Funded Instruments

Pre-funded instruments include, but are not limited to:

- Demand Drafts
- Pay Orders
- Banker's Cheque's
- Any other instruments where the funds are already realized at the time of issuance

5. Policy Guidelines

5.1 The Company shall accept pre-funded instruments from clients strictly in accordance with SEBI Circular No. CIR/MIRSD/03/2011 dated June 09, 2011.

5.2 The Company shall ensure complete audit trail of funds received through pre-funded instruments. Instruments where the name of the client and bank account number are not identifiable shall not be accepted.

5.3 If the aggregate value of pre-funded instruments received is ₹50,000/- or more per day per client, such instruments shall be accepted only if accompanied by the name of the bank account holder and the bank account number debited for issuance of the instrument, duly certified by the issuing bank.

5.4 The acceptable modes of certification by the issuing bank shall include any one or more of the following: a) Certificate from the issuing bank on its letterhead or on plain paper bearing the seal of the issuing bank. b) Certified copy of the requisition/application slip (portion retained by the bank) used for issuance of the instrument. c) Certified copy of the passbook or bank statement of the account debited to issue the instrument. d) Authentication by the issuing bank on the reverse of the instrument confirming the bank account number debited and the name of the account holder.

5.5 Acceptance of third-party pre-funded instruments or instruments without proper certification, wherever applicable, is strictly prohibited.

6. Controls and Safeguards

6.1 The Compliance Officer shall ensure that no Pay Order, Demand Draft, Banker's Cheque, or any other pre-funded instrument is accepted unless the criteria specified in this policy are fully complied with.

6.2 The Compliance Officer shall maintain and periodically review an audit trail of all funds received through pre-funded instruments and electronic fund transfers to ensure that funds are received only from the respective clients.

6.3 Pre-funded instruments shall be credited only after verification and confirmation by the Accounts/Finance Department.

6.4 Any instance of non-compliance or suspicious transaction shall be reported immediately to the Compliance Officer and handled in accordance with AML/PMLA guidelines.

6.1 The Company shall ensure that pre-funded instruments are supported by documentary evidence, such as bank confirmation or account debit proof, wherever required.

6.2 Pre-funded instruments shall be credited only after verification and confirmation by the accounts/finance department.

6.3 Adequate internal controls shall be in place to prevent misuse, money laundering, or acceptance of prohibited instruments.

6.4 Any suspicious transaction shall be reported to the Compliance Officer and handled in accordance with AML/PMLA guidelines.

8. Prohibition and Exceptions

8.1 Acceptance of pre-funded instruments from non-clients or unknown sources is strictly prohibited.

8.2 Any exception to this policy, if required, shall be approved by the Compliance Officer/Management and documented appropriately.

9. Review and Amendment

This policy shall be reviewed periodically or as and when required due to regulatory changes. Amendments, if any, shall be approved by the Management/Board of Directors.

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