



## **Pre- Funded Instruments / Electronic Fund Transfers Policy**

SEBI vide Circular No. SEBI / MRD / SE / Cir-33 / 2003 / 27 / 08 dated August 27, 2003, while specifying the mode of receipt and payment of funds, has permitted the stock brokers to accept Demand Drafts from their clients.

### ▪ **Scope:**

Acceptance of Prefunded Instruments like Demand Draft/Pay order/Bank Guarantees from a client against Pay-in Obligation/ Margin.

### ▪ **Objective:**

The Objective of this policy is to minimize the frequency of acceptance of Prefunded Instrument, especially Demand Draft where there is a difficulty in tracking the correct source of Issuance.

### ▪ **Coverage:**

Head office, all the branches of Moneylicious Securities Private Limited (MSPL) and all the Authorized Persons of MSPL wherever trading terminals / IBT terminals are there

### ▪ **Circumstances for acceptability of Pre-funded instruments:**

The Prefunded Instruments must be accepted only in following special circumstances

- If there are Bank Holidays on the following day;
- Client having account in other Banks or in Co-operative bank;
- If the client wants create a position immediately and has no other way of transferring funds;
- If the Bank account of the client is in a co-operative bank, which may take some time for the cheque to be cleared;
- If the company Bank accounts clearing branch is not available in the city/village where the client has his bank account;
- Such Acceptance is approved by SEBI/Exchange Norms

### ▪ **Proof of acceptance:**

While receiving funds from the clients through pre-funded instruments, such as, Pay Order, Demand Draft, Banker's cheque, etc., it is observed that it's difficult to maintain an audit trail of the funds so received, as the details of the name of the client and bank account-number are not mentioned on such instruments. This may result in flow of third party funds / unidentified money, which is not in accordance with the provisions of the aforesaid circular and also affects the integrity of the securities market. Hence the following line of actions recommended by the exchanges have been initiated by MSPL

- If the aggregate value of pre-funded instruments is Rs. 50,000 or more, per day per client, MSPL may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the following:



1. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
  2. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
  3. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
  4. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.
- The Prefunded Instruments must be accepted only in cases mentioned above and not otherwise. Approval for acceptance must be taken by either of the Managing Director and only then credit should be given
  - Maintenance of audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

The accounts staff at MSPL is responsible for ensuring the compliance and would maintain the relevant documentary evidence for the same which would be produced before the regulatory authorities whenever required. The compliance officer would periodically review this policy and would ensure its compliance along with the accounts department.