

Sukesh Jain Securities (P) Ltd.

POLICY REGARDING PRE-FUNDING INSTRUMENTS

Objective:

The objective of the policy is to prevent acceptance of third party funds and to prescribe process to deal with instruments issued by third party when received.

Background:

SEBI vide circular no. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 has specified that the stock brokers can accept demand drafts from their clients. However, SEBI vide circular no. CIR/MIRSD/03/2011 dated June 9, 2011 has advised stock brokers to maintain an audit trail while receiving funds from the clients through Demand Draft (DD)/Pay Order (PO)/Bankers Cheque (BC) since such third party pre-paid instruments do not contain the details like name of the client, bank account number are not mentioned on such instruments. Non maintenance of audit trail may result in flow of third party funds or unidentified money which may result into breach of regulations issued under PMLA and SEBI circulars.

Direct deposit of Cheques by clients:-

(As per SEBI Circular No.CIR/MIRSD/03/2011dated June 9, 2011)

In case of direct deposit of cheque by client/Branch in the bank, the following will be required before giving credit to the client.

(A) The Prefunded Instruments must be accepted only in following special circumstances:

- a. If there are Bank Holidays on the following day.
- b. If the client does not have an account in the bank in which the company has accounts.
- c. If the client wants to create a position immediately and has no other way of funds.
- d. If the Bank account of the client is in a cooperative bank, which may take time for cheque to be cleared.

- e. If the company Bank accounts clearing branch is not available in the city/village client has his bank account.
- f. Approval for acceptance must be taken by either of the executive Directors or the Managing Director and only then credit should be given. It is the duty of the compliance officer to ensure that no Pay Order, Demand Draft, Banker's cheque should be accepted in the organization if the above mentioned criteria is not fulfilled. The compliance officer will also maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

(B) Policy regarding Direct deposit of Cheques by Clients:-

- a) Scanned copy of cheque showing the same bank account number as per record of United Share Brokers Limited, or
- b) Copy of the bank statement where cheque has been debited, with the same bank account number, or
- c) Mail from the client from designated mail Id of client confirming the amount, cheque number and bank, or Letter from the client duly counter signed by the BM providing details of amount, cheque number and bank.