

Policy on Prefunded Instruments and Electronic Fund Transfers

1. Objective

This policy is framed to define the process and controls related to the acceptance of **prefunded instruments** (such as demand drafts, banker's cheques, and pay orders) and **electronic fund transfers** from clients. The objective is to:

- Prevent misuse of untraceable funds
- Comply with SEBI's anti-money laundering and KYC norms
- Ensure full traceability of all funds received from clients
- Safeguard investor interest and ensure regulatory compliance

2. Regulatory Framework

This policy is in line with the following guidelines:

- **SEBI Circular SEBI/HO/MIRSD/DOS3/CIR/P/2018/115** dated July 16, 2018
- **SEBI Master Circular for Stock Brokers (June 2023)**
- AML Guidelines under **Prevention of Money Laundering Act (PMLA), 2002**
- Circulars from **NSE, BSE, MCX**, and **NSDL** regarding fund acceptance norms

3. Scope

This policy applies to:

- All client fund receipts for trading or margin obligations
- Payments received via **prefunded instruments, NEFT/RTGS/IMPS, or UPI**
- All branches, authorized persons (APs), and employees of Yashwi Securities Pvt Ltd

4. Prefunded Instruments – Acceptance Policy

Yashwi Securities does **not prefer to accept prefunded instruments** such as **demand drafts (DDs), pay orders, or banker's cheques** unless under exceptional circumstances.

If accepted, the following conditions apply:

a. Documentation Required:

- **Bank certificate** stating that the instrument has been issued by debiting the client's bank account
OR
- **Client's bank account statement** reflecting the debit entry of the instrument
AND
- **PAN or Client Code** must be written on the reverse side of the instrument

b. Conditions:

- Instruments above ₹50,000 shall be accepted only with full traceability documentation
- No third-party instruments are allowed under any circumstances
- All prefunded instrument entries must be approved by the **Compliance Officer**

5. Electronic Fund Transfer (EFT) Policy

Yashwi encourages clients to transfer funds via **banking channels only** from their **registered bank account** using:

- **NEFT / RTGS / IMPS**
- **UPI linked to the registered account**

a. Conditions for Accepting EFTs:

- The transfer must originate from the **client's mapped bank account**
- The **narration must clearly contain the client code or name**
- Funds received from **third-party accounts will be refunded** after internal verification

b. Receipt Validation:

- The back-office system auto-reconciles bank credits with client accounts using account mapping and UTR references
- Mismatches or unidentified credits are reviewed by the **Finance and Compliance teams**

6. Reporting & Record Maintenance

- All fund receipts are maintained in a **Daily Receipt Register**
- Prefunded instrument details (if any) are logged with:
 - Instrument number
 - Amount
 - Client details
 - Copy of supporting document (bank statement or certificate)

Records are stored securely for a **minimum of 5 years** and made available for **audit and inspection**.


7. Internal Controls

- **Maker-checker system** in fund accounting and reconciliation
- Only designated bank accounts (published on the website) are allowed for credit
- Monthly **client-bank mapping audit** to detect any third-party fund misuse
- Funds are **credited to client ledger** only after verification by the accounts team

8. Employee and AP Awareness

- All employees and APs are trained on this policy
- Any violation (e.g., accepting third-party instruments) may lead to disciplinary action
- Internal audit teams periodically verify adherence to this policy

9. Client Communication

- This policy is published on Yashwi's official website
- Clients are advised:
 - To **never deposit cash** or send third-party payments
 - To use only mapped bank accounts for fund transfers
- In case of discrepancies, clients may report to:
 investors@yashwi.com

10. Policy Review

This policy shall be reviewed **annually** or earlier in case of:

- Any SEBI or Exchange circular updates
- Internal audit observations
- Operational system changes