

# **Pre-Funded Instruments Policy**

## **1. Objective**

This Pre-Funded Instruments Policy is designed to ensure that any client funds received via pre-funded instruments—such as Demand Drafts (DD), Pay Orders (PO), or Banker's Cheques—are accepted in accordance with SEBI Circulars and anti-money laundering (AML) standards.

This policy ensures transparency, traceability, and regulatory compliance in all client fund deposits made via non-traditional banking channels.

## **2. Regulatory Framework**

- **SEBI Circular No. MIRSD/SE/Cir-19/2009** dated December 3, 2009
- **SEBI Master Circular for Stock Brokers (June 2023)**
- SEBI Guidelines on Anti-Money Laundering (PMLA, 2002)
- Exchange circulars from NSE, BSE, and MCX on fund acceptance

## **3. Scope**

This policy applies to all clients of Yashwi Securities Pvt Ltd depositing funds via:

- Demand Drafts (DD)
- Pay Orders (PO)
- Banker's Cheques
- Any other pre-funded instruments not traceable directly to a bank account in the client's name

#### 4. Policy Guidelines

##### a. Discouragement of Pre-Funded Instruments

- Clients are **strongly encouraged to use NEFT/RTGS/IMPS/UPI or cheque** from their registered bank account.
- Pre-funded instruments are **discouraged** unless in exceptional and justified cases.

##### b. Acceptance Conditions

Yashwi Securities may accept a pre-funded instrument only if:

- It is issued **in the name of “Yashwi Securities Pvt Ltd” only.**
- The instrument is **accompanied by documentary proof** of the source of funds (i.e., a copy of the client’s bank statement reflecting the debit for the same amount).

##### c. Mandatory Documentation

The following documents must be submitted:

- Original DD/PO/Banker’s Cheque
- Copy of the bank statement or bank certificate showing the debit entry from the client’s registered bank account
- PAN and Client Code reference on the back of the instrument

Without these documents, the instrument will be rejected and returned.

##### d. Instrument Limits

- The maximum limit per pre-funded instrument shall not exceed ₹49,999 unless specifically approved by the compliance officer with source documentation.
- Cash deposits (direct or via pre-funded instrument from unknown source) **are strictly prohibited.**

## 5. Verification Process

- The RMS and Compliance teams will verify the instrument details, client identity, and source documentation.
- Funds will be credited to the client ledger **only after verification**.
- Instruments found suspicious or unverifiable will be reported to the Principal Officer under the AML Policy.

## 6. Reporting and Record Keeping

- A register of all pre-funded instruments is maintained, noting:
  - Client Code
  - Instrument number and issuing bank
  - Amount and date
  - Supporting documents submitted
- Records are preserved for **a minimum of 5 years** or as per SEBI norms.

## 7. Exceptions

- Exceptions may be made in rare cases (e.g., urgent margin requirements) only with prior written approval from the Compliance Officer and submission of all required documentation.

## 8. Consequences of Non-Compliance

- If the source of funds cannot be verified, the instrument will be rejected, and the funds returned.
- Repeated violations may result in blocking of client account.
- Suspicious cases may be reported to **FIU-IND** under the **PMLA guidelines**.