Pre-funded Instruments and electronic transfers

1. Objective

The purpose of this policy is to ensure compliance with SEBI Circular CIR/MIRSD/03/2011, which mandates regulated entities (such as stock brokers, depository participants, etc.) to have proper controls and audit trails for acceptance of pre-funded instruments (such as Demand Drafts, Pay Orders, Banker's Cheques) and for electronic fund transfers from clients, to prevent misuse of third-party funds and maintain transparency.

2. Scope

This policy applies to all pre-funded instruments and electronic fund transfers received from clients by Saurin Investments Private Limited ('SIPL') during its operations relating to securities market activities. It covers:

- Demand Drafts (DD)
- Pay Orders (PO)
- Banker's Cheques (BC)
- Any other similar pre-paid instrument
- Electronic transfers (NEFT, RTGS, IMPS, etc.)

3. Definitions

Term	Definition
Pre-Funded Instrument	Any instrument such as Demand Draft, Pay Order, Banker's Cheque, etc., which is prepaid.
Electronic Fund Transfer (EFT)	Transfer of funds through electronic means (NEFT, RTGS, IMPS or any other method).
Client	Person or entity with whom SIPL has an agreement for securities related transactions.
Aggregate Value per Client / per Day	The total value of pre-funded instruments submitted by a particular client in one calendar day.

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4. Policy Provisions

4.1 Acceptance of Pre-Funded Instruments

1. **Register Maintenance**
   SIPL shall maintain a "Pre-Funded Instruments Received Register" (physical or electronic) capturing at least:
   - Date of receipt
   - Client name
   - Amount
   - Bank on which the instrument is drawn
   - Instrument number
   - Certification details (if required)
2. **Threshold for Additional Verification**
   - If the aggregate value of pre-funded instruments from a client in one day is **less than Rs. 50,000**:
     Acceptance is permitted; record details in the register.
   - If the aggregate value is **Rs. 50,000 or more** per day for a client: Then the instrument(s) shall be accepted *only* if accompanied by the name of the **bank account holder** and **bank account number** from which the amount was debited, duly certified by the issuing bank.
3. **Modes of Certification**
   Certification by the issuing bank may include one or more of the following:
   - Certificate on bank's letterhead or plain paper with bank's seal stating debiting details
   - Certified copy of bank's requisition slip (portion retained by bank) used to issue the instrument
   - Certified copy of passbook or bank statement for the account debited
   - Authentication (on the reverse of the instrument) of the bank account number and name of the account holder by the issuing bank
4. **Aggregated Instruments during the Day**
   If a client presents multiple pre-funded instruments at different times in a day and their total crosses Rs. 50,000, then the above certification requirement applies to the instrument with which the threshold is crossed (or to all, as per internal practice).

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4.2 Electronic Fund Transfers

- SIPL shall maintain an audit trail for all electronic fund transfers from clients to ensure funds are coming from the client's bank account (i.e. not from third parties).
- Appropriate documentation showing source account, amount, date, etc. shall be collected and retained.

4.3 Scenario When Instrument is Submitted Indirectly or via Mail/Other

- If the instrument is submitted by post or in a way where client does not directly interact with the receiving branch/officer and the instrument does not carry necessary details (account holder, account number, etc.), then:
  - SIPL shall not bank the instrument/credit it until these details are obtained.
  - The client shall be contacted for missing details.
  - If bank-transfer type, the issuing bank shall be contacted for verification.

4.4 Special Circumstances

There may be exceptional circumstances under which a pre-funded instrument needs to be accepted even if the threshold etc. is exceeded or details are incomplete — e.g. urgent margin/settlement shortfalls, continuous bank holidays, unavoidable delay in cheque book, etc. Such exceptions must be documented, with approval from senior management or compliance officer, and rationale recorded.

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5. Responsibilities

Role	Responsibility
Compliance Officer	Oversee implementation of this policy; conduct periodic audits; ensure staff are trained; review exceptions.
Operations / Front-office Staff	Verify and collect required details; record entries in register; liaise with clients/banks.
Senior Management / Board of Saurin Investments Private Limited	Approval of this policy; review on a periodic basis; ensure adequate resources for compliance.

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6. Record-Keeping & Audit Trail

- Records of all certificates, passbooks/statements, requisition slips, etc., used for verification shall be maintained.
- A register / log of all pre-funded instruments and electronic fund transfers shall be maintained.
- Records shall be preserved for a minimum period as required by SEBI/PMLA (as applicable).
- Periodic internal audit/review assuring adherence to this policy shall be conducted.

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7. Non-Acceptance of Certain Modes

- As a matter of policy, SIPL may choose **not** to accept certain modes of transfer (e.g. credit card payments or instruments which consistently fail verification), based on risk assessment, except if there is a compelling business reason and approval from senior management.

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8. Policy Review & Amendments

- This policy shall be reviewed at least annually or sooner if there are changes in SEBI regulations, PMLA / AML laws, or business operations.
- Any amendments must be approved by the Board / Senior Management.
- All staff involved in receipt of funds must be informed of policy updates.

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9. Compliance & Enforcement

- Non-compliance with any part of this policy shall be reported to the Compliance Officer.
- Any incidence of misuse of third-party funds or suspected money laundering must be escalated in line with Anti-Money Laundering (AML) / Know Your Client (KYC) obligations and reported to appropriate authorities.

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