



***Rosy Blue Securities
Private Limited***

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Mumbai - 400 021.
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POLICY ON PRE- FUNDED INSTRUMENTS / ELECTRONIC FUND TRANSFERS

Purpose: To ensure funds received from clients for the pay-in/margin purposes are from banks accounts registered with us and to avoid third party receipts.

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. While receiving funds from the clients through pre-funded instruments, such as, Pay Order, Demand Draft, Banker's cheque, etc., and in case of electronic funds transfers it is observed that the stock brokers are unable 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 and bank statement in case of electronic fund transfer. 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.

To ensure compliance of the above following steps should be followed for Pre- funded instruments / Electronic fund transfers

1. Pre-funded instruments, such as, Pay Order, Demand Draft, Banker's cheque, etc., in all possible cases should not be accepted towards pay-in/margin obligations from the clients. However, in exceptional circumstances the following should be adhered to in case Pre-funded instruments are accepted from clients 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:
 - a. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.



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- b. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
 - c. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
 - d. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.
2. Maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only. The following steps should be taken / followed to ensure that funds are received from their clients only
 - a. Banks statements / alerts received via email from banks on receipt of funds should have a mention in the particulars column of the name of the client from whom the funds are received electronically
 - b. In case the banks statements / alerts received via email from banks on receipt of funds does not have a mention of the name of the client from whom the funds are received electronically then a copy of the instruction given by the client to his bank should be called for from the client and verified to comply with above requirement.
3. In case of direct deposit of cheque by clients in our bank accounts, a copy of the cheque along with pay-slip should be called for from the client and verified to comply with above requirement.

For Rosy Blue Securities Pvt. Ltd.

SD/-

Shilpa Hirani

Director