



Rajgul Securities Private Limited

Policy regarding Prefunding Instrument/Direct Deposit of Cheques by Clients

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 a practice, Rajgul insist to its clients for either payment of account payee cheque or online transfer of funds NEFT / RTGS through its own accounts provided to Rajgul only, in case of direct deposit of cheque / DD / PO by client 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:

1. If there are Bank Holidays on the following day.
2. If the client does not have an account in the bank in which the company has accounts.
3. If the client wants to create a position immediately and has no other way of funds.
4. If the Bank account of the client is in a cooperative bank, which may take time for cheque to be cleared.
5. If the company Bank accounts clearing branch is not available in the city/village client has his bank account.
6. Approval for acceptance must be taken by either of the Designated / Whole Time Director or the Compliance Officer 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 Rajgul, 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

(d) Letter from the client providing details of amount, cheque number and bank.

As a special measure, Rajgul may waive off any or all of the above requirement for the clients to its own satisfaction or may require any additional check / evidence to ensure authenticity of funds coming to Rajgul from clients own bank account only.