



Allvest Securities Private Limited

**Pre-Funded Instruments / Electronic Fund Transfers
Policy**



Document Revision and Version Control

Version No.	Month	Prepared by	Reviewed By	Adopted in Board
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CONTENTS

INTRODUCTION	3
PURPOSE	3
SCOPE	3
DEFINITION.....	3
POLICY	3
DOCUMENTATION REQUIREMENTS.....	4
AUDIT TRAIL	5
REVIEW	5



INTRODUCTION

Allvest Securities Private Limited (hereinafter referred to as "ASPL" or "Company") is incorporated under the Companies Act, 2013, with Corporate Identification Number (CIN) U66120MH2025PTC440678. ASPL is registered as Stock Broker with SEBI having Registration number INZ000330839 and is registered as Trading Cum Self Clearing Member with National Stock Exchange of India Ltd and NSE Clearing Ltd. (Member Code: 90469), as a Trading Member with BSE Ltd. (Member Code:6973), as a Trading Cum Self Clearing Member with Multi Commodity Exchange of India Limited (Member Code :57650) and ASPL is also registered with SEBI as a Depository Participant having Registration No.: IN-DP-837-2026 and with NSDL having DP ID: IN304949. ASPL provides its clients with secure and efficient access to trade across multiple Exchange-approved market segments, including Equity, Derivatives, Margin Trading, and other permitted financial instruments.

PURPOSE

This policy aims to address concerns raised by regulators, including SEBI and stock exchanges, regarding the receipt of client funds through pre-funded instruments. SEBI has noted that stock brokers often face difficulties in maintaining a clear audit trail for such transactions, as these instruments typically do not include the client's name or bank account details. The absence of proper identification increases the risk of accepting third-party funds or unidentified money, thereby compromising the integrity of financial transactions.

SCOPE

In line with SEBI Circular No. CIR/MIRSD/02/2011 dated June 9, 2011, and the guidelines issued by the Exchanges, this policy sets out the framework for accepting pre-funded instruments—such as Demand Drafts, Pay Orders, Banker's Cheques, and similar instruments—from clients.

The policy covers the documentation and implementation of procedures for verifying and monitoring client transactions, with a primary emphasis on ensuring that funds originate directly from the client's own bank account. It is designed to mitigate risks associated with third-party funds, enhance transparency, and ensure the maintenance of a clear and reliable audit trail for all transactions.

DEFINITION

"Pre-funded Instruments" refer to financial instruments that are prepaid and used to facilitate payments. For the purposes of this policy, such instruments include, but are not limited to, the following:

- Pay Orders
- Demand Drafts
- Banker's Cheques
- Any other similar bank-issued instrument falling within the scope of pre-funded instruments.

POLICY

As a matter of policy, the Company discourages the receipt of client funds through pre-funded instruments such as Demand Drafts, Pay Orders, and Banker's Cheques. This approach is



intended to prevent the inflow of third-party funds or unidentified money into the system, thereby minimizing the risk of future disputes and ensuring compliance with applicable regulatory requirements.

Pre-funded instruments may be accepted only under exceptional circumstances, subject to appropriate approvals. Such circumstances include:

- Continuous Bank Holidays: Where consecutive bank holidays prevent timely transfer of funds.
- Client Holding Account with Other or Co-operative Banks: Where the client's bank does not support seamless fund transfers.
- Immediate Margin or Settlement Requirements: Where funds are urgently required to meet margin or settlement obligations.
- Unforeseen Circumstances: Any situation beyond the client's control that prevents fund transfer, subject to approval.
- Initiation of Fresh Positions: Where the client intends to take a new trading position but is unable to transfer funds immediately.
- Lack of Clearing Facility: Where fund transfers are hindered due to the absence of clearing mechanisms in a particular city or location.
- Non-availability of Cheque Book: Where the client is unable to issue a cheque due to delays in obtaining or replenishing a cheque book.
- Difficulties with Online/Net Banking: Where technical issues restrict the client from making digital fund transfers.
- Defaulting Clients: Where immediate recovery of dues from a defaulting client is required.
- Regulatory or System Constraints: Where transfers are impacted due to regulatory restrictions, system failures, or temporary account freezes.

DOCUMENTATION REQUIREMENTS

Where the aggregate value of pre-funded instruments received from a client is ₹50,000 or more in a single day, the following conditions must be fulfilled prior to acceptance:

1. The instrument must be supported by details of the bank account holder's name and the bank account number from which the payment has been made. These details must be duly certified by the issuing bank.
2. Such certification may be provided through any one of the following:
 - a. A certificate issued by the bank on its letterhead or plain paper, bearing the official bank seal.
 - b. A certified copy of the requisition slip (retained by the bank) used for issuing the instrument.
 - c. A certified copy of the passbook or bank statement reflecting the debit entry for the instrument.
 - d. Verification of the bank account number and account holder's name by the issuing bank on the reverse of the instrument.

These requirements are intended to ensure traceability of the source of funds and to maintain compliance with applicable regulatory norms.



AUDIT TRAIL

ASPL shall maintain a clear and accurate audit trail for all funds received through electronic fund transfers. This is to ensure that such funds originate solely from the clients' own bank accounts and to prevent the acceptance of third-party funds.

REVIEW

This policy will be reviewed and updated as required to incorporate any changes introduced by regulatory authorities. Additionally, it will undergo periodic reviews at least once in a year to ensure continued relevance, effectiveness, and alignment with current regulatory requirements and industry standards.

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