

Policy for Upstreaming and Downstreaming of Client Funds

This policy defines the procedures for managing the Upstreaming and Downstreaming of client funds by Stock Brokers (SBs) and Clearing Members (CMs) to maintain compliance with SEBI regulations. The aim is to ensure secure fund handling, prevent misuse, and align with regulatory requirements. As per the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023, and subsequent circular issued by the Exchanges.

1. Scope and Applicability

- This policy applies to Stock Brokers (SBs) that also operate as Self-Clearing Members (SCMs) handling client funds.
- **Exemptions:**
 - Proprietary funds of the Stock Broker/SCM in any segment.
 - Proprietary funds deposited with the Clearing Member in the capacity of a client.
 - Bank-CMs and custodian entities that are banks.

2. Permissible Forms for Upstreaming Client Funds

- Client funds may be upstreamed to Clearing Corporations (CCs) only in the following forms:
 - **Cash**
 - **Lien-marked Fixed Deposit Receipts (FDRs):**
 - All FDRs created from client funds must be **lien-marked to a CC**, providing the CC precedence over other stakeholders.
 - Existing FDRs created from client funds must have a **residual maturity of up to one year** starting July 1, 2023.
 - **Pledged Mutual Fund Overnight Schemes (MFOS) Units:**
 - MFOS investments must be restricted to funds deploying in **risk-free government bond overnight repo markets** or **Tri-party Repo Dealing and Settlement (TREPS)**.
 - All MFOS units used as collateral must remain pledged to a CC.

3. Structure and Management of Bank Accounts

- SBs operating as SCMs must maintain designated bank accounts for efficient upstreaming and downstreaming transactions. The account structure should be as follows:

KIFS TRADE CAPITAL PRIVATE LIMITED

Registered Office: Office Nos. PO6-01A,B,C&D, 6th Floor, WTC Tower-A, Block No. 51, Road 5 E, Zone 5, Gift City, Gandhinagar – 382355, Gujarat, India.
Corporate Office Ahmedabad: 4th Floor, KIFS Corporate House (Khandwala House), Nr. Land Mark Hotel, Nr. Neptune House, Iskon-Ambli Road, Bodakdev, Ahmedabad – 380054, Gujarat, India.
Corporate Office Mumbai: C-901, Lotus Park, Graham Firth Compound, W E Highway, Jogeshwari (E), Mumbai – 400063, Maharashtra, India.
CIN: U65923GJ2012PTC115683, **Ph. No.:** +91 79 69240000 - 09 / +91 22 61796400, **Email:** kifs.roc@gmail.com, cs@kifs.co.in, **Website:** www.kifstradecapital.com,
Single SEBI Reg. No. for NSE, BSE, MCX and NCDEX: INZ000004234, **SEBI Reg. No. for DP (NSDL):** IN-DP-20-2015