Policy and Process for Upstreaming and Down streaming of Client Funds

1. Introduction and Objective

In compliance with the circulars and guidelines issued by the Securities and Exchange Board of India (SEBI) and the subsequent directives from the Stock Exchanges and Clearing Corporations, this document outlines the policy and standard operating procedure for the upstreaming and down streaming of client funds.

The primary objective of this policy is to ensure the absolute segregation and safety of client funds, prevent their misuse, and maintain a transparent and compliant operational framework for handling client monies. This process is critical for upholding the principles of client asset protection mandated by the regulators.

2. Key Definitions

- **Client Funds:** All monies received from clients in connection with their securities market transactions, including clear credit balances in their trading accounts.
- **Upstreaming Client Nodal Bank Account (USCNBA):** A designated and specifically named bank account where all client funds are received.
- **Downstreaming:** The process of transferring funds from the Clearing Corporation (CC) back to the firm's bank accounts (USCNBA or settlement account) to meet client payment obligations.
- **Upstreaming:** The process of transferring all clear and available client balances from the USCNBA to the Clearing Corporation on a daily basis.
- **Clearing Corporation (CC):** An entity (NCL, ICCL and MCXCCL) that handles the clearing and settlement of trades.
- **End of Day (EOD):** The cut-off time stipulated by the regulations for completing the upstreaming process.

3. Policy on Upstreaming of Client Funds

- **Mandatory Daily Upstreaming:** It is the mandatory policy of Amrapali Capital and Finance Services Limited to upstream all clear, unutilized client funds from the designated USCNBA(s) to the Clearing Corporations on a daily, End-of-Day (EOD) basis.
- **No Retention of Clear Balances:** No clear and free credit balances belonging to any client shall be retained in the USCNBA overnight. All such funds must be transferred to the CC.
- **Cut-Off Time Adherence:** The upstreaming process will be executed after the settlement obligations for the day are met and before the stipulated EOD cut-off time.
- **Segregation of Funds:** The funds uploaded to the CC will be clearly segregated at the client level, ensuring that one client's funds are not used for another's obligations.

4. Standard Operating Procedure (SOP) for Upstreaming

1. **Fund Receipt:** All funds from clients are exclusively received into the designated USCNBA.

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2. **EOD Balance Calculation:** At the end of the trading day, after all settlement obligations (e.g., margin requirements, pay-ins for trades) are fulfilled, the Operations/Treasury team will calculate the clear, unutilized credit balance available for each client.

3. **Initiation of Transfer:** The finalized amount, representing the total of all clear client balances, is prepared for transfer.

4. **Execution of Upstream:** The funds are transferred from the USCNBA to the designated bank accounts of the Clearing Corporation(s) via approved payment gateways (e.g., NEFT/RTGS/Net Banking).

5. **Reporting and Reconciliation:** A successful transfer confirmation is obtained. The transfer is recorded and reconciled with the CC's records. In case of any discrepancy or late receipt of funds (post cut-off), it is reported to the exchange with the appropriate reason code.

5. Policy on Downstreaming of Client Funds

- **Purpose-Driven Downstreaming:** Funds will only be downstreamed from the Clearing Corporation for specific, legitimate client-related purposes.
- **Permissible Reasons for Downstreaming:**
    - To meet client fund withdrawal requests.
    - To pay for settlement obligations or statutory charges on behalf of the client.
    - To release funds against the delivery of securities.
- **No Co-mingling:** Downstreamed funds intended for client payments will be managed through the USCNBA or firm's settlement account and will not be co-mingled with the firm's own funds.
- **Timeliness:** Client payout requests will be processed in a timely manner as per SEBI regulations and the firm's client service commitments.

6. Standard Operating Procedure (SOP) for Downstreaming

1. **Client Withdrawal Request:** A client initiates a withdrawal request through the authorized platform (e.g., back-office portal, trading app).

2. **Verification of Balance:** The system verifies the client's clear and withdrawable credit balance, considering any margin requirements or unsettled trades.

3. **Initiation of Downstream Request:** Based on the aggregated client withdrawal requests for the day, the Operations/Treasury team places a request with the Clearing Corporation to downstream the required amount.

4. **Receipt of Funds:** The CC processes the request and transfers the funds to the firm's designated bank account (USCNBA or settlement account).

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5. **Execution of Client Payout:** Upon receipt of funds from the CC, individual payments are processed and credited to the respective clients' registered bank accounts.

6. **Reconciliation:** The entire process, from the CC transfer to the final client credit, is logged and reconciled daily.

Place: Ahmedabad

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FOR AMRAPALI CAPITAL AND FINANCE SERVICES LIMITED

Designation of the Issuing Authority:

(Compliance Officer ~~/ Director / Proprietor / Partner / HR Manager~~)

Name: Nilesh Kapuriya

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