

January 31, 2012

Guidelines on Pre-Funded Instruments

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| <p>Requirement</p> | <p>Members of the Exchange are required to follow the following guidelines before accepting any prefunded instrument, like Pay order & Demand Drafts/ Electronic Fund Transfer from the clients :-</p> <ol style="list-style-type: none"> 1) If the aggregate value of the pre-funded Instrument is ₹ 50,000 or more per day per client, the Member may not accept the instrument unless the same is accompanied by the name of the bank account holder & number of the bank account debited for the purpose duly certified by the issuing Bank. 2) The Bank Certificate shall be any one of the following:- <ol style="list-style-type: none"> a) Issuing bank shall certify on its letterhead or on a plain paper with its seal duly affixed; b) Copy of the requisition slip duly certified by the bank which issues the instrument; c) Copy of the passbook/bank statement as proof of the account debited to issue the instrument; d) On the reverse side of the instrument, the bank account number debited and name of the accountholder shall be authenticated by the issuing bank. 3) In case of Electronic Fund Transfer, Member shall maintain an audit trail of the funds received through such transfer to ensure that the funds are received from their clients only. <p>Further, Members are required to develop monitoring mechanism through internal audit and inspections to ensure compliance with the aforesaid directions.</p> |
| <p>Reference</p> | <p>1) Circular No. MCX/COMP/348/2011 dated October 04, 2011</p> |

The Bye-Laws, Rules, Business Rules and Circulars are available on our website www.mcxindia.com under the link Downloads. Members can also refer to all the volumes of the Compliance Awareness Series on our Website www.mcxindia.com under the link Membership>Compliance>Compliance Awareness Series.

We also request members to read the FAQs available under the link Membership on our website.