CLIENT FUND UP STREAMING AND DOWN STREAMING POLICY

Vridhi Capital & Finance Private Limited (hereinafter referred to as "VRIDHI") is a SEBI-registered Stock Broker and Depository Participant. This Client Fund Up-streaming and Down-streaming Policy has been framed in accordance with the applicable provisions of the Securities and Exchange Board of India (SEBI), Stock Exchanges and Clearing Corporations to ensure proper management, protection, and movement of client funds. The policy establishes the framework for safeguarding client funds while maintaining transparency, operational efficiency, and regulatory compliance.

Introduction

The objective of this policy is to prescribe the procedures for the receipt, handling, up-streaming, down-streaming, and protection of client funds. VRIDHI is committed to maintaining the highest standards of integrity and ensuring that client funds are handled strictly in accordance with regulatory requirements. The policy also ensures that client funds remain adequately protected at all times and are utilized only for the purposes permitted under the applicable regulatory framework.

Definitions

For the purpose of this policy, "Client Funds" shall mean all money, securities, or other financial assets received or held by VRIDHI on behalf of its clients.

"Up-streaming" refers to the transfer of client funds from VRIDHI to the respective Clearing Corporation through the permitted modes prescribed by SEBI.

"Down-streaming" refers to the transfer or release of client funds from the Clearing Corporation to VRIDHI for onward payment to eligible clients.

Protection of Client Funds

VRIDHI shall ensure complete segregation of client funds from its own proprietary and operational funds at all times. Client funds shall be maintained only in designated client bank accounts and shall never be mixed with the Company's own funds.

Client funds shall be held in accordance with the applicable SEBI regulations, Exchange Bye-laws, and Clearing Corporation requirements. Appropriate reconciliations of client funds shall be carried out on a regular basis to ensure the accuracy of balances, identify discrepancies, and maintain complete audit trails. Proper books of accounts and supporting records shall be maintained for all client fund transactions.

Up-streaming of Client Funds

As per the applicable regulatory framework, no client funds shall remain with Stock Brokers or Clearing Members on an End of Day (EoD) basis except as specifically permitted under the regulations. Client funds shall be up-streamed to the Clearing Corporation only through the permissible modes prescribed by SEBI, namely cash, lien-marked Fixed Deposits (FDRs), or pledged units of Mutual Fund Overnight Schemes (MFOS).

a. <u>Up-streaming via FDRs created out of clients' funds:</u>

I. FDRs created out of clients' funds shall be allowed only under the following conditions:
a. FDRs to be created out of clients' funds only with those banks which satisfy the CC's exposure norms as specified by SEBI or CCs from time to time.

b. FDR created out of clients' funds shall necessarily be lien-marked to CCs at all times.

c. Through this lien, CCs shall have explicit precedence on the FDR funds over every other stakeholder, including over the bank providing the FDR.
d. The tenure of such FDRs shall not be more than the prescribed tenure and the FDR should be pre-terminable on demand.

e. The principal amount of the FDR shall remain protected throughout the tenure, even after accounting for all possible pre-termination costs.

f. We shall not avail any funded or non-funded banking facilities based on FDRs created out of clients' funds.

b. <u>Up-streaming via pledge of units of Mutual Fund Overnight Schemes (MFOS):</u>

I. Units of Mutual Fund Overnight Schemes (MFOS) is a new avenue being made available to SBs/ CMs to deploy client funds into. MFOS ensures minimal risk transformation of client funds (that are withdrawable on demand) available with SBs/ CMs because of overnight tenure and exposure to only risk-free government securities.

II. We shall ensure that client funds are invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Tri-party Repo Dealing and Settlement (TREPS). Such MFOS units will be in dematerialized (demat) form, and will be pledged with a CC at all times.

III. We shall maintain a dedicated demat account (hereinafter referred to as "Client Nodal MFOS Account") for subscription/ redemption of MFOS units. We shall subscribe / redeem the transactions in MFOS only to and from the said account.

IV. From "Client Nodal MFOS Account", we shall provide MFOS units as collateral to the CC. While providing the units as collateral, we shall identify the end clients.

c. <u>Receipt/payment of funds from/to Clients:</u>

I. Other than the FDRs (liened to CCs) and MFOS (pledged to CCs), any remaining client funds with the Company will be upstreamed to a CC before the stipulated cut-off time as mentioned hereunder.

II. For the said purpose, we will be maintaining the following two categories of bank accounts:

a. Up Streaming Client Nodal Bank Account (USCNBA): For receiving funds from Clients.
b. Down streaming Client Nodal Bank Account (DSCNBA): Payment to clients will be done only

from DSCNBA account post receiving of funds from CC/CM on the same day and any balance left in the account post cut-off time should be transferred to USCNBA for further upstreaming it to the CCs.

III. Upstreaming of funds: Funds received from clients on a given day shall be transferred to CC/CM any time during the day, but not later than the respective cut-off times. The respective cut-off times for upstreaming are as follow:

Sr. No.	Particular	Cut-Off Time
1.	In Capital Market Segment where we are registered as a SCM	All Funds received until 1 hour prior to CC's cut-off time shall be compulsorily up streamed on the same day. As per the current working norms, we are keeping the said time as 18:00 Hrs.
		Additionally, we will take the best possible efforts to upstream the funds received during the last 1 hour of CC's cut-off time. Any fund received after the above-mentioned threshold will be dealt in the manner specified by the Exchanges and CCs from time to time.
2.	In FO Segment where we are registered as a TM	As per the timelines specified by the Clearing Member.

IV. Down streaming of funds: The clients may request release of funds any time during the day. The processing of such release requests shall be as per our risk management policy. Subject to such validations, we shall provide the requested funds to the clients by requesting for release of cash collateral from the CCs. The respective cut-off times for down-streaming are as under:

Sr. No.	Particular	Cut-Off Time
1.	CM release request cut-off time	As per the timelines decided by CC
2.	SB release request cut-off time	As per the timelines decided by CM
3.	Client release request cut-off time for same day processing	As per the current working norms, we are keeping the said time as 16:30 Hrs. Any release request received after the above-mentioned threshold will be dealt in the manner specified by the Exchanges and CCs from time to time.

V. All release requests placed with CCs will be for the specified purpose. The respective purpose of all release requests will be submitted to the concerned regulatory authorities within the specified timelines.

Compliance and Reporting

VRIDHI shall designate a Compliance Officer who shall be responsible for monitoring the implementation of this policy and ensuring continuous compliance with the applicable provisions of SEBI, Stock Exchanges, Depositories, and Clearing Corporations.

The Company shall conduct periodic internal reviews, reconciliations, and compliance audits to evaluate adherence to this policy and identify areas requiring improvement. Any violation or suspected breach of this policy shall be promptly investigated and reported to the appropriate regulatory authorities wherever required under the applicable laws and regulations.

Training and Client Awareness

VRIDHI shall provide appropriate training to its employees, dealers, and other relevant personnel to ensure proper understanding and implementation of this policy. Regular awareness programs may also be conducted whenever there are significant regulatory changes affecting client fund management.

The Company shall make this policy available to clients through appropriate disclosure mechanisms, including publication on its website and other communication channels as considered appropriate.

Review and Amendment

This policy shall be reviewed periodically to ensure that it remains consistent with the latest SEBI circulars, Exchange regulations, Clearing Corporation guidelines, and industry best practices. VRIDHI reserves the right to amend or modify this policy whenever considered necessary or whenever required by any regulatory authority. All amendments shall become effective from the date approved by the competent authority unless otherwise specified.

Conclusion

Vridhi Capital & Finance Private Limited is committed to ensuring the highest standards of protection, transparency, accountability, and regulatory compliance in the handling of client funds. Through this Client Fund Up-streaming and Down-streaming Policy, the Company aims to safeguard client interests by maintaining proper segregation of funds, ensuring timely movement of client monies, complying with all applicable regulatory requirements, and adopting robust internal controls for the effective management of client funds.

Last Reviewed on	Reviewed By	Approved By
02-04-2026	Compliance Officer	Management