

Policy on Inactive Client Accounts

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(Version VI)

Policy on Activation and De-activation of Inactive Account (Trading Account)

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Applicability of Policy:

- ❖ The policy is applicable only for activation or de-activation of Trading Client Code and not to Demat account.

Regulatory Reference:

1. SEBI vide circular dated December 03, 2009 and subsequently Exchanges vide circulars dated February 10, 2020 & December 01, 2020 have issued guidelines on Treatment of Inactive Trading Accounts and directed trading members to frame a policy on the same. Vide circular dated October 25, 2024 Exchanges have issued revised guidelines on treatment of Inactive trading accounts.
2. Further, vide circular dated May 03, 2021; Exchanges have issued guidelines on mandatory information to be uploaded in UCC database of the Exchange.

Defination of Inactive Account:

A trading account will be marked as "Inactive" if any of below mentioned activities has not been carried out by client for a period of 24 (Twenty-Four) months:

- ❖ Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/any segments* of the exchanges through the same Member or

*Cash/Equity Derivative/ Currency Derivative/ Commodities Derivative/EGR /Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time.
- ❖ Transaction in nature of applying/subscribing IPOs (where the IPO bid is successful & not cancelled)/SGBs/Mutual Funds (lumpsum investment or investments through successful SIP instalment payments) on the Mutual Fund platform of the stock exchanges through the same Member or
- ❖ Modification / updation of e-mail Id/Mobile Number/Permanent or Correspondence Address in KYC record of client through the same Member and the same has been uploaded to KRA to ensure Validated/Registered status.

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❖ **Following details of the client shall be mandatorily updated for all the clients in accordance with the Exchanges regulations:**

1. Name
2. Complete Address including PIN (PIN code no. in case of address of India)
3. Valid PAN
4. Valid Mobile Number
5. Valid Email ID
6. Gross Annual Income Range

In case if the above details are not updated in the clients UCC then such UCC shall be marked as "Inactive" in the UCC database of all the Exchanges and Back office Records.

- ❖ The accounts identified based on the above criteria shall be flagged as 'Inactive' in UCC database of all the Exchanges. Such accounts shall be deactivated for transactions in all the segments and exchanges and will not be allowed to trade further until the client confirms/update KYC information including name, DOB, PAN, Address, email address, mobile number, gross annual income range, bank & DP details. Further, any open position existing in the trading account will be squared off prior to deactivating the account. However, all such inactive clients will be allowed to place Mutual Fund orders during the dormancy period. The trading account will be reactivated only after updation of KYC, due diligence and IPV subject to Exchange approval as per the Exchange guidelines prescribed in circular dated October 25, 2024 and/or as stipulated from time to time.
- ❖ Client Funds lying with KSL will be settled as per the preference provided by client at the time of account opening or later on. If a client has requested for Funds Payout and active bank account details are available with KSL, payout through online mode shall be effected. In case online mode of payment failed due to inactive / freezed bank account details, client shall be informed to undertake re-KYC as mentioned above. Any funds of such clients whose bank account is inactive / freezed and payout has failed shall be marked as untraceable in the Segregation of client collateral reporting and up streamed to clearing corporation. Funds payout as required by SEBI regulation, needs to be carried out even for inactive account.