

Inactive Client Policy

Objective:

The objective of the policy is to deal with the Inactive/dormant clients, where clients have not traded for more than 12 continuous months.

This policy will be applicable for trading accounts which have been marked inactive on account of Rules, Bye laws, circulars and guidelines issued by SEBI, Exchanges and Internal Risk Management Policies.

Background:

SEBI vide circular no. Dated December 3, 2009 and National Stock Exchange vide circular no. NSE/INSP/13606 dated December 3, 2009 directed that Dealings between trading members & their clients wherein members were required to frame policy of treatment of inactive accounts and implement the same.

Further National Stock Exchange dated February 10, 2020 through circular no. NSE/INSP/43488 and other Stock Exchange(s) has issued a circular treatment of inactive client.

Policy:

Definition of Inactive Trading accounts: In case of trading account, the term inactive account refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges.

Treatment in Inactive Trading accounts: The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' in UCC data base. However, appropriate disciplinary actions may be initiated in case of any trades are executed in any account flagged as 'Inactive'.

Reactivation of Inactive Trading accounts: Fresh documentation, due diligence and IPV is required only where a client is coming for reactivation after a period of 1 year of being flagged as inactive.

However, in case a client has undertaken transaction through the Member, with respect to IPO/Mutual Fund subscription and DP operations (if the Member is a DP) during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

Further, the requirement for undertaking an IPV shall not be required:-

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI.

- When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

Notwithstanding anything contained above, in case a client seeks re-activation before a period of 1 year of being flagged as inactive, while reactivating the client, basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents needs to be provided.

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