

NVS Brokerage Private Limited

POLICY ON INACTIVE (DORMANT) ACCOUNTS

BACKGROUND:

This policy has been made as per the requirements of SEBI for laying down proper guidelines with respect to the operations of the Inactive (Dormant) Accounts.

1. OBJECTIVE: Intermediaries need to comply with

SEBI vide circular no. MIRSD/ SE /Cir-19/2009 dated December 3, 2009, NSE vide its Consolidated Circular - Part B (Point 1.1/12), Circular reference NSE/INSP/43488 dated February 10, 2020, Circular reference NSE/INSP/46506 dated December 01, 2020 and BSE vide its Consolidated Circular Notice No. 20150108-2 Annexure-A, Circular reference 20200210- 47 dated February 10, 2020, Circular reference 20201201-27 dated December 01, 2020 have instructed Stock Brokers to frame a policy regarding treatment of Inactive/ Dormant accounts covering aspects of time period, return of client assets and procedure for reactivation of the same, and display the same on their web site. Additionally, NSDL, vide its Circular No. NSDL/POLICY/2008/0021.

This policy has been prepared to comply with the above regulatory directives and it also defines the procedures for the treatment of such inactive/ dormant accounts.

Annexed to the circular, it has quoted that “The stock broker shall frame the policy regarding treatment of inactive accounts which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same. It shall display same on its web site, if any” and exchanges having issued its circulars for the same, whereby we have been directed to frame the policy regarding treatment of inactive accounts.

2. DEFINITION OF DORMANT/ INACTIVE 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 the Inactive accounts identified on the base of the above criteria shall be flagged as 'Inactive' in UCC database of all respective Exchanges and further trading to be allowed only after undertaking sufficient due diligence and obtaining the updated information related to KYC from the concerned Client. Appropriate disciplinary actions may be initiated in case of any trades are executed in any account flagged as 'Inactive'. We have to upload correct status of client code in the UCC database of all respective Exchanges prior to execution of the trades.

3. TREATMENT FOR DORMANT/ INACTIVE ACCOUNTS:

To prevent client accounts from unauthorized trading and mitigate client complaints, we shall mark accounts where there have been no trades or activities for a period of one year as “Inactive” and the KYC Team shall collate data within first 2 working days of every month so as to update the dormant accounts list.

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A list of inactive clients shall be prepared from the back office software on the last day of every month and shall be submitted to the concerned department after confirmation with the management. The management will approve a final list of inactive clients.

KYC team would send an update that their code would become dormant to the identified clients

- 1) Video and email intimation to client

This communication would also comprise status of KRA and CKYC which are to be completed for such clients. In case no response is received from the branch, KYC in-charge shall on 6th working day forward the list of such clients to RMS team for suspending the codes-from further trading. RMS Team shall, within 1 working day, refrain from trading until the account is reactivation request is received with confirmation from KYC. The client shall be allowed to trade only after accouters-activated.

4. PROCESS FOR RE-ACTIVATION OF DORMANT/INACTIVE ACCOUNTS:

Client can re-activate their account by giving a requesting he prescribed form(enclosed) and or vide electronic communication from registered email id, at Head Office or online form along with updated details, if any, has been changed. It would be suggestive that income details are also provided by the client. We shall be required to undertake fresh documentation, due diligence and IPV where a client is coming for reactivation after aperiod of 1 year of being flagged as inactive. However, in case a client has undertaken transaction with respect to IPO/Mutual Fund subscription and DP operations during this period, same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

Depository Participant accounts:

“Activity” refers to any debit transaction in the Depository Participant account of the client.

“Inactive/ Dormant account” refers to any Depository Participant client account having no Debit transaction in the last 6 months.

After inactive marking, if any orders are received, the dealer shall take reasonable steps to identify the identity of the client and to ensure that the orders are received from the same client. The dealer shall use various techniques like call back, asking personal detail questions, last trade date, outstanding positions etc. to confirm the identity of the caller. They may use any other technique which is reasonable. In case of a doubt the case shall be referred to the management or concerned Sub-Broker/Authorized Person or Introducer.

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5. RETURN OF CLIENTS ASSETS:

All accounts to be settled on monthly or quarterly basis (as per client preferences) in the manner prescribed from time to time. In those cases, where we are unable to settle client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, we shall make all efforts to trace such clients and settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling their funds and securities.

In case we are unable to trace such clients we shall take following steps:

- i. Open one separate Client Bank/Client Collateral Demat account and set aside funds and securities of these clients in such account.
- ii. Maintain audit trail UCC wise client funds transferred to/from such bank account and UCC wise/BOID wise securities transferred to/from such demat account.
- iii. Submit UCC wise/BOID wise and fund/securities information of such account to the Exchange on quarterly basis in the prescribed format.
- iv. In case of receipt of any claims from such clients, settle accounts immediately and ensure that payment/delivery is made to respective clients only.

6. REPORTING OF CLIENT FUNDS & SECURITIES:

We are not required to upload details of Inactive clients having "NIL" balances in weekly submissions of securities holding and monthly upload of client funds and securities balances. Thus only clients having funds or securities balances shall be reported even if UCC is 'Inactive'.

7. INTERNAL AUDIT:

The process to be verified by an internal auditor during internal audits as prescribed by the exchange, so to ensure that guidelines set under this policy have been adhered to.

8. REVIEW OF PROCESS:

This process may be reviewed as and when there are any functional changes amongst the team members and or as part of process development and or when it is found necessary to change the policy due to business needs, the same would be placed before the Board/Executive committee for their review and approval.

9. ACTIONS FOR NON COMPLIANCE:

To adhere to these guidelines would be the responsibility primarily of KYC and further for blocking of codes would be that of RMS, and any deviation to the above process and/ or noncompliance would not be acceptable under any circumstances and would be viewed seriously.

10. POLICY COMMUNICATION:

A copy of this document shall be made available to all the relevant staff and updated in records

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of HR as process and policy document. This document would be available on our website and clients can refer same.

APPLICABILITY:

This is applicable to from immediate effect for clients registered with NVS Brokerage Private Limited.