

C. R. KOTHARI & SONS SHARES & STOCK BROKERS PVT. LTD.
CIN: U67120RJ1998PTC082680

Policy Regarding Treatment of Inactive/Dormant Client Account

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Purpose:

As per guidelines prescribed by SEBI vide circular no. Dated December 3, 2009, and stock exchanges vide circular no. NSE/INSP/46506 dated December 1, 2020, and NSE/INSP/43488 dated February 10, 2020, this policy is being framed to deal with the inactive/dormant accounts.

Objective:

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

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

Definition:

As per Exchange guidelines in case of trading account, the term inactive/dormant account refers to such account wherein no trades have been carried out for continuous 12 (Twelve) months across all Exchanges.

Policy:

A) Treatment for handling Inactive/dormant accounts:

1. The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by C R Kothari & Sons Shares & Stock Brokers Private Limited (hereinafter referred as CRKSSBPL) in UCC database of all the respective Exchanges and Back Office simultaneously.
2. All the accounts marked as "INACTIVE/DORMANT" will be monitored periodically by KYC/ops to avoid unauthorized transactions in the account.
3. Regulators may initiate appropriate disciplinary action in case if any trades are executed in any account flagged as 'Inactive'.
4. Once the code is deactivated with Dormant flag, trading code is removed from Trading terminal i.e client cannot trade, unless client start

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reactivation process in case if client initiate rekyc, system check client PAN Aadhar linking status and mandatory 6 attributes and once client confirm the 6 attributes, system will push the data to respective Exchanges to activate UCC. However, In case client is not KRA compliant Exchange does not allow client to trade. In such cases, clients are being communicated with KRA non-compliant status along with KRA validation link to initiate validation.

5. Actual settlement of fund shall be done as per norms/ guidelines provided by the Exchanges/ SEBI from time to time.
6. The clients account would be reactivated only after undertaking proper due diligence process and fulfillment of such conditions as may be deemed fit, in the cases where the account has been freeze/deactivated. Fresh documentation, due diligence and IPV is to be carried out where the client is coming for reactivation after a period of 1 year of being flagged as inactive.
7. In case a client seeks re-activation before a period of 1 year of being flagged as inactive, while reactivating the client, CRKSSBPL will collect the basic details of such client like Address, Mobile number, Email ID, Bank/DP account and will check if these are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be called upon.
8. CRKSSBPL will exercise appropriate due diligence of the client on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with respective KYC policies.

Activation process

- i. After receiving written request for activation of account for placing orders/ transacting in the account.
- ii. Request through Registered email Id may be impressed upon to reactivate the account or carry out fresh transactions in a dormant/inactive account.
- iii. While reactivating the client, CRKSSBPL will check and ensure that the basic details of such client like Six mandatory attributes (Name, Pan, Address, E mail, Mobile, Income) and other details like Bank, DP account status, DOB, KRA, PAN-Aadhaar Linking status, UCC linkage status & Family Declaration, PAN/Name mismatch cross

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verification with UCC/BO/DP are updated/rectified in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

- iv. KYC department may undertake additional due diligence if so required.
- v. Once the reactivation is approved the client UCC will be marked as active on UCC portal across the Exchanges, it will be reactivated on back office and trading interfaces.

Treatment of client funds clients who are untraceable

In cases where CRKSSBPL is unable to trace such clients in spite of all efforts taken, the following steps shall be taken:

- i. The funds shall be parked in a separate Client Bank/ account designated for the purpose of safekeeping of funds of the untraceable client.
- ii. In case request received from the client for release of funds and/or will be transferred to his account after necessary due diligence.

Review Policy:

This policy may be reviewed as and when there are any changes introduced by any Regulatory authority or as and when it is evident to make necessary change on account of business needs and Risk Management policy.

The policy may be reviewed by the KYC department and the changes in policy shall be placed before the Board at the meeting first held after such changes are introduced.

References:

1. SEBI vide circular no MIRSD/ SE /Cir-19/2009 Dated December 3, 2009
2. NSE circular NSE/INSP/43488 dated February 10, 2020 and NSE/INSP/46506 dated December 1, 2020 oBSE circular 20200210-47 dated February 10, 2020 and 20201201- 27dated December 1, 2020