



*Adwealth Stock Broking Private Limited*

**POLICY ON DEALING WITH INACTIVE AND DORMANT CLIENTS**

<b>Policy created by</b>	<b>Compliance Team</b>
<b>Policy reviewed by</b>	<b>Compliance Officer</b>
<b>Policy reviewed on</b>	<b>01.04.2025</b>
<b>Policy Approved by</b>	<b>Board of Directors</b>
<b>Policy approved on</b>	<b>15.04.2025</b>

**Version - 1.1**

## Definition

A trading account in which no transaction has been carried out for a period of more than 24 months (Twenty-Four months) shall be classified as an Inactive Trading Account. The terms "Dormant" and "Inactive" shall be used interchangeably.

## Treatment of Inactive/Dormant Accounts

### Transactions in Dormant Trading Accounts

- A trading account will be flagged as inactive if no trading activity has occurred for 24 months, including participation in the following:
  - Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/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/Address in KYC record of client through the same Member and the same has been uploaded to KRA to ensure Validated/Registered status.
- Inactive accounts identified based on these criteria shall be flagged as 'Inactive' by the THE COMPANY in the UCC database of the respective Exchanges.

### Reactivation of Inactive Trading Accounts

A client flagged as inactive may seek reactivation of the trading account. THE COMPANY will adhere to the following procedure for reactivation:

- Conduct In-Person Verification (IPV) or Video In-Person Verification (VIPV) as per SEBI Master Circular on KYC dated October 12, 2023.
- Seek confirmation from the client regarding any change in their basic details, such as address, mobile number, email ID, bank/DP account, income, etc. If there are changes, the client must provide updated details with necessary documents, and the Trading Member shall update its records and the UCC database of the respective Exchanges.
- If the KRA status of the client is not validated (i.e., "On Hold," "Rejected," or "Registered" through another intermediary), the Trading Member shall obtain and update the necessary client details before allowing trading.
- The next 24-month period for identifying inactivity shall commence from the date of reactivation.

### **Communication Prior to Inactivation**

THE COMPANY may notify clients before flagging their accounts as inactive. However, such communication must not encourage clients to trade solely to prevent inactivation.

### **Exemptions for Reporting Inactive Clients**

There is no requirement to include inactive clients with NIL balances in daily Holding Statement submissions to the Exchange. However, details of clients with funds or securities balances shall be reported in daily segregation and monitoring of collateral submissions.

### **Return of Client Assets**

All client accounts shall be settled monthly or quarterly as per client preferences. If a Trading Member is unable to settle an account due to non-traceability of the client, all reasonable efforts shall be made to locate and settle the client's account, with an audit trail maintained. Any subsequent client claims shall be settled immediately, ensuring payment/delivery is made to the respective client only.

### **Monitoring of Transactions**

- Evaluation of dormant accounts will be conducted daily.
- Sudden large-volume activity in dormant accounts will be flagged as suspicious, and a report will be generated.
- Suspicious transactions will be reviewed by the compliance team and reported to the Risk Management and Compliance Department as necessary.

### **Review of Policy**

The policy may be reviewed as and when there is any change introduced by any statutory authority or as and when it is found necessary to change on account of business needs or Risk Management Policy.

For M/s. Adwealth Stock Broking Private Limited,

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Jayant Jain

Director