

Policy for treatment of Inactive/Dormant Accounts

This policy defines the treatment of Dormant/Inactive accounts of the clients maintained with Elios Financial Services Pvt. Ltd. ("Member")

Background:

SEBI vide circular no. dated December 3, 2009 and National Stock Exchange vide circular no. NSE/INSP/13606 dated December 3, 2009 & NSE/INSP/43488 dated February 10, 2020 directed that a policy be framed by stock brokers to deal with the inactive/dormant accounts.

Definition of Dormant/ Inactive Accounts:

In case of trading account, the term dormant/inactive account refers to such account wherein no transactions & trades have been carried out since last 1 year (12 months) across all Exchanges.

Transaction in Dormant/Inactive Trading Accounts:

The Dormant accounts identified based on the above criteria shall be flagged as 'Inactive' by the Member's in UCC database of all the respective Exchanges. Member reserves the right to freeze/deactivate such accounts and shall not permit to carry out any fresh transactions in such account. The clients account would be reactivated only after undertaking proper and sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client.

Procedure to handle Inactive/dormant accounts:

a) Temporarily Suspending or Closing a Client's account at the client's request:

EFSP may carry out periodic review of the client accounts and may suspend the accounts from trading (i.e. prohibiting any market transactions, only allowing client shares/ledger balance settlement to take place) under any of the following circumstances:

- Where the Client is inactive for the twelve continuous months.
- Where the Client has not cleared his dues after repeated reminders
- Where Physical statements or contract notes, etc. are received back undelivered and the client is not responding to update the correct address.
- Where the client is reported or known to have expired.
- Where client lodges a complaint either directly with EFSP or through the Exchange relating to alleged unauthorized trades being executed in his account.
- Where the account is under investigation by any regulatory body.
- As per direction of the Exchanges, SEBI or any other regulatory body.
- On written request received from the client and the same can be activated on the written request of the client only.

The Client account can be closed on the written request of the client provided the client account is settled. If the client wants to reopen the account, then the client has to again complete the KYC requirement.

b) Deregistering a client:

Notwithstanding anything to the contrary stated in the agreement, EFSP shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- If the action of the client are prima facie illegal/improper or such to manipulate the price of any securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- On the death/lunacy or other disability of the Client.
- If the client being a partnership firm/any other organization, has any steps taken by the Client and/or its partners for dissolution or liquidation.
- If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Stock Broker.
- If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- If the Client is in breach of any term, condition or covenant of this Agreement.
- Any suspicious information found by EFSPL in sites likes CIBIL, world check, etc. or if there is any commencement of a legal process against the client under any law in force.
- If the client forms a part of the list of debarred entities published by SEBI and/or any action is taken by NSE/BSE/SEBI on the client.

Client account will be considered as inactive if the client does not trade for a period of twelve continuous months.

All the accounts nominated as inactive / dormant needs to be monitored carefully in order to avoid unauthorized transactions in the account. If the client wants to make the account active after 12 continuous months or there after needs to provide the required documents towards supporting the financial status or the client needs to submit a request to reactivate his/her account. In case there is any change in the information such as; address, mobile number, email id, bank/demat account, financial disclosure provided in KYC at the time of registration as client, the same has to be submitted along with the request. After proper verification of the updated / revised details and approval from the compliance officer / or concerned department in-charge of registration of clients, the account can be made active and transaction can take place.

Process for reactivation of Inactive/dormant account which are inactive for 12 continuous months:

A. Process for re-activation of dormant account for Non Institutional Clients:

The Client can follow any of the below processes for reactivation of account after due authentication:

1. A telephonic request to main office/branch office/authorized person identifying himself through validation questions (as may be asked by Dealer)/other confirmation tools, if any and request for activation of account for placing orders/ transacting in the account **or**
2. Client can give the duly signed request in writing at any of the branch/main offices of trading member or office of authorized person along with documents such as Address Proof – such as Aadhar Card, Electricity Bill Passport Copy. Identity Proof such as Aadhar Card, Passport Copy, Pan Card and financial Information required for trading in derivative segment. The Client may also courier/ post the same for activation of account **or**

3. Client can also send an email from registered mail id for reactivation request.

IPV has to be done for the client by RM/Dealer or Sales person, if client is not physically present then IPV has to be done through video calling.

B. Process for re-activation of dormant account for Institutional Clients:

- a. Dormant accounts/Inactive account may be reactivated based on the request received from Business Manager with evidence of the client request like an email or call recording or Bloomberg chat or any other mode.
- b. An email from registered email id for reactivation of the client if request mode is calls or Bloomberg then after activation of the account confirmation email has to be sent to client along with the client code by Business Manager or the person who has received the request.
- c. Operations should check the KYC records available with KRA and ensure that KYC Documents in the record are updated post activation of the client.

Process for reactivation of Inactive / dormant account which are inactive on account of Risk Management Policies / Non Compliance as per Rules, Bye laws, Circulars and Guidelines issued by SEBI, Exchanges:

Client can give the duly signed request in writing at any of the branch/main offices of trading member or office of authorized person along with the financial Information required for trading. The Client may also courier/ Post the same for activation of account.

On verification of the same the compliance officer / risk department in-charge can authorize the activation of such Inactive accounts subject to Rules, Bye laws, circulars and guidelines issued by SEBI, Exchanges and Internal Risk Management Policies.

Controls after activation of Inactive Accounts:

1. Trades in such Inactive accounts be confirmed with respective clients by a person from Head Office who has note punched / received such orders.
2. Alert generation & monitoring at Head Office in case of trade in any Inactive account which is made Active.

Return of Clients assets: In case of clients who have credit balance and who are flagged as Dormant, the funds/ securities of such clients are duly settled on monthly/quarterly basis (as per the client preferences) in the manner prescribed from time to time.

If client has provided running account authorization the funds/securities shall be transferred to client's bank/demat account as a part of daily settlement.

Member is not able to trace the clients and consequently not able to settle funds and securities of such untraceable clients. Member shall make all efforts to trace the clients and settle the funds and securities of such clients based on clients' address, phone numbers, email id, bank account details, demat account details, proof of identity, proof of address and such other details available in client registration documents / other documents.

Member shall maintain a trail / verifiable records for efforts made for tracing such clients and in making settlement of funds and securities of such clients. In case, inspite of best-efforts member

is unable to settle the funds and securities of such inactive / untraceable clients, following directions shall be followed:

- i. Open a separate and single client bank account for keeping funds of such inactive and untraceable clients.
- ii. Open a separate and single client collateral demat account for keeping securities of such inactive and untraceable clients.
- iii. Maintain audit trail of UCC wise client funds transferred to such bank account and UCC wise / BO ID wise securities transferred to such demat account (as the case may be).
- iv. Submit the data / information maintained under point (iii) above to the Exchange on quarterly basis.
- v. Member shall continue its efforts to trace such clients and settle funds and securities balances of such clients.

Policy for distributing Inactive clients' funds / securities in case such client claims it

- i. In case if any client claims for such not settled funds / securities lying with the member, the member shall satisfy itself about the client credentials. Member shall instantly repay such funds and deliver such securities (along with corporate benefits, if any) to the claimant upon satisfaction of client credentials.
- ii. The members shall update the details of such settlement to the clients in a submission to the Exchange on quarterly basis.

Review Policy:

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