

Policy on Dormant account / Inactive Account

DORMANT ACCOUNTS

Brief:

SEBI vide circular MIRSD/SE/Cir-19/2009 dated December 3, directed that a policy to be framed by stock brokers to deal with the inactive/dormant accounts. & This has reference to Exchange circulars download ref. no. NSE/INSP/43488 dated February 10, 2020, NSE/INSP/46506 dated December 01, 2020 and NSE/INSP/ 49743 dated September 27, 2021 with respect to guidelines on Treatment of Inactive Trading Account

This Policy defines the treatment of Dormant/Inactive accounts of the clients maintained with the Company

Definitions

In case of trading account the term Inactive / Dormant account refers refers to such account wherein any of below mentioned activities has not been carried out by client since last 24 (Twenty-Four) months:

- 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.

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by the Trading Member in UCC database of all the respective Exchanges

Process of Reactivation of Dormant/Inactive Accounts:

In case of accounts where there has been no movement for a continuous period of 12 (twelve) months then such accounts should be classified as accounts which would not be made active unless he provides 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 a period being flagged as inactive.

In case a client seeks re-activation then member shall verify client status as per KRA and if the client status as per KRA is not validated (i.e. "On hold"/"Rejected"/"Registered" through other intermediary, etc.) then the member shall seek basic details like Address, Mobile number, Email ID, Bank/DP account, income, etc. along with the necessary documents as required by KRA and upload the same to KRA to ensure validated/registered status as per KRA before permitting client to trade on the Exchanges.

Transaction in Dormant/Inactive Trading Accounts

The Dormant accounts identified based on the above criteria shall be flagged as such in company's record. Company reserves the right to freeze/deactivate such account and refuse to Permit to carry out any fresh transactions in such account.

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 is freezed/deactivated.

The client's request through letter (ANNEXURE I) /registered email ID/recorded telephone lines may be impressed upon to reactivate the account or carry out any fresh transactions in Dormant/inactive accounts.

Debit Transaction in Dormant Demat Accounts

The Demat accounts wherein no debit transaction had taken place for a continuous period of 12 (Twelve) months shall be flagged as Dormant/Inactive accounts.

Debit transactions shall be permitted in dormant demat accounts only on completion of the following procedure:

1. The physical DIS received for transaction in a dormant account shall in addition to the normal verification process also be verified by another employee (additional check)
2. Independent confirmation shall be obtained from the client before processing of the DIS.
3. The Employee verifying such transaction with the Client shall record the details of the process, date, time etc. of verification on the Instruction Slip under his signature and stamp of dormant account.

MONITORING OF TRANSACTIONS

1. Sudden activity in dormant accounts may be viewed as a suspicious transaction
2. Any debit transactions in dormant Demat accounts or any transactions in dormant trading account.
3. Trading accounts shall be reported as an Alert.
4. Such alerts/reports shall be reviewed by the Authorised Official.
5. Transactions found to be suspicious shall immediately be reported to the Risk Management and Compliance Department.

The Member can de-register a client without any prior intimation / notice, in addition to the termination clause of the client member agreement, with regards to:

- a) The client being declared a defaulter by any of the regulatory bodies of the country or under any law being in force.
- b) In the event of member becoming aware of any proceedings being initiated against the client by any of the regulatory bodies of the country or under any law being in force or the client

being involved in any criminal proceedings or any illegal business or the member becoming aware of the client's past offences which are illegal or prohibited by the regulatory bodies of the country or under any law being in force

- c) The death of the client.
- d) The depository account with member is closed and no alternative depository account details are provided.
- e) The client makes a voluntary written request to de-register itself/himself.
- f) In the event of member becoming aware of client defaulting in meeting its obligation to the member.

On the specific written directions of any statutory / legal authority / Regulatory Authority

What happens when a client is declared inactive?

On a client being declared inactive,

1. All the securities of the client are transferred into the last known demat account of the client
2. All the funds of the client are returned to the client
3. In cases where **M/s. ARJ Securities Pvt. Ltd** are unable to trace such clients in spite of all efforts taken, **M/s. ARJ Securities Pvt. Ltd.** are will take the following steps:
 - a. Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of these clients in such account.
 - b. Maintain audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / BO ID wise securities transferred to/from such demat account (as the case may be).
 - c. Submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis. The mechanism and the format of the same will be shared in due course.
 - d. In case of receipt of any claims from such clients, members are advised to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only
4. Trading in the client account is stopped

The above stated policy may vary depending on various rules, regulations and bye laws as may be prescribed by SEBI, exchanges or any other authority or as per Internal policy of company from time to time. This Policy for dormant accounts is over and above the transaction monitoring in Dormant account as per Anti-Money laundering Policy of the Company.

Annexure I
Dormant Account Activation - Request

Date: _____

To,
The Compliance Officer
M/s. ARJ Securities Pvt. Ltd

Dear Sir,

Re: Request for Activation of Dormant Account No. _____

I/We, Mr./Ms. _____ are
maintaining the above Trading and/or Demat account with you.

The said Trading and/or Demat account has not been operated by me / us for a long time now. I / We understand that due to security reasons, the company has classified the said account as “dormant”.

I / We now agree to operate the said Trading/Demat account regularly and request you to re-classify the account as “active”

I am / we are agreeable to pay all the pending / recoverable charges in my account.

Yours truly,

Signature(s) – to be signed by account holder/s.

Client Code & BO ID

FOROFFICE USE ONLY	
Signatures Verified by	
Account Activated	Signature (s) of Broker/DP official
Date:-	