

## POLICY ON INACTIVE TRADING ACCOUNTS

(The Policy is framed in terms of circulars issued by NSE & BSE on 10th February, 2020 & 1<sup>st</sup> December 2020)

This document outlines the policy & minimum procedures for classification and re-activation of inactive accounts for non-institutional clients. This does not apply for institutional clients.

### **Definition of Inactive Trading 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.

If a client does not trade at least once in any one of the segments/exchanges the client has signed up, for since a period of 12 months, such client accounts shall be categorized as inactive accounts. Such accounts will be flagged as ``Inactive ``in the back office as well as in exchange`s UCC database.

Once the account is deactivated, the client will not be able to place any orders in any trade segments.

### **1. Reactivation of inactive Accounts**

#### **A. Category-1-within 12 months after being flagged as Inactive (Activation without IPV)**

##### **a. Email submission**

Client whose account was inactivated and coming for reactivation within a period of one year after being flagged as inactive then the client need to simply send a reactivation request through his registered email as per the attached format (Annexure-1A) to [kyc@centrum.co.in](mailto:kyc@centrum.co.in)

Illustration: if a client`s account was made inactive on 1<sup>st</sup> January 2020 and if he is coming for reactivation on 25<sup>th</sup> October 2020 or any date before 31<sup>st</sup> December 2020 he has to follow the aforesaid process.

##### **b. Physical submission**

The client had to submit a duly signed modification form along with self-attested supporting and submit reactivation form (Annexure-1B)

If desired the client can opt for ekyc –reactivation module without submitting any physical documents.

## **B. Category-2- More than 12 months after being flagged as inactive (with IPV)**

Client whose account was inactivated and coming for reactivation after a period of one year after being flagged as inactive( **more than 24 months in effect**) then the client need to submit:

### **a. If there is no change in KYC details**

1. Fresh documentation (self-attested address proof and self-attested pan card along with reactivation form (Annexure-2A))
2. IPV need to be done by the employee of CBL

### **b. If there is a change in KYC details**

1. The client had to submit a duly signed modification form along with self-attested supporting and submit reactivation form (Annexure-2B)
2. IPV need to be done by the employee of CBL

**Illustration:** Suppose a client's account was made inactive on 1<sup>st</sup> January 2020 and coming for reactivation on or after 2<sup>nd</sup> January 2021 then he need to follow the aforesaid process.

Provided in case a client has undertaken transaction through CBL, with respect to IPO/Mutual Fund subscription and DP operations during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

**EKYC Activation:** The clients instead of submitting the physical documentation can opt for ekyc module for reactivation.

## **2.Transactions in Inactive Account**

Any trades in the inactive account are subject to penalty from the exchanges therefore the concerned client or employee involved in such transactions will be appropriately penalized.

## **3.Exchange Compliance**

The correct status of the client code should be uploaded in the UCC database of the Exchanges prior to the execution of the trades.

## **4.Return of Clients assets**

All the assets of the inactive client should be settled monthly / quarterly basis as per client's preference in the manner prescribed from time to time. The unsettled securities

or fund due to non-traceability of client/s shall be transferred to Client Bank/Client collateral Demat account. Keep audit trail of follow up with clients.

#### **5. Exemption for reporting**

The member need not report weekly submission of securities holding and monthly upload of client funds and securities balances for inactive clients.

#### **6. Closure of Inactive accounts**

A c c o u n t Closure may be initiated when the Company receives a specific request from the client to close his trading account and undertakes to clears all outstanding dues. Alternatively the company may initiate involuntary closure by giving a notice of 30 days to the client and proceed to recover outstanding dues, if any. from the client towards settlement of any outstanding obligations.