

Policy for Inactive (Dormant) Accounts

Policy created by	Operational/ Risk Management Staff		
Policy reviewed by	Compliance Head		
Approval Authority	Board of Directors		
Officer responsible for implementation	Compliance Officer		
Reference Circulars	Exchange	Circular No.	Circular Date
	BSE	20200210-47	10-Feb-2020
	BSE	20201201-27	01-Dec-2020
	BSE	20210928-53	28-Sep-2021
	NSE	NSE/INSP/14048	03-Feb-2010
	NSE	NSE/INSP/43488	10-Feb-2020
	NSE	NSE/INSP/46506	01-Dec-2020
	NSE	NSE/INSP/49743	27-Sep-2021
Policy reviewed on	29-Feb-2024		
Policy approved by Board on	01-Mar-2024		

Exchanges have issued various Circulars from time to time in order to provide guidelines regarding treatment of inactive accounts and ensure uniformity across all the members.

It has been observed that many a times client stops dealing with Member for a prolonged period of time. This leads to various kinds of risks for Member as well as for the market. Needless to say, it is utmost important to have a policy in this regard to define inactive clients and to deal with them. We have framed the policy in accordance with regulatory guidelines and framework under this backdrop.

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.

- 1. Flagging of Clients as Inactive and Upload of correct status of the client code in UCC database of the Exchanges:** If the client has not traded in the last 12 months across all Exchanges then such client will be flagged as an Inactive in the UCC database of all the Exchanges. Additionally, correct status of the client code (UCC) in the UCC database of the Exchanges shall be maintained.
- 2. Reactivation of the Client within 24 months from client's last trading date i. e. within a period 12 months of being flagged as inactive:** In case, client seeks re-activation within 24 months from client's last trading date i. e. within a period 12 months of being flagged as inactive, client shall be re-activated after ensuring that basic details of such client like Address, Mobile number, Email ID, Bank/ DP account

details & Income Range are updated in our records as well in the UCC database of the Exchanges.

3. **Reactivation of the Client after period of 24 months from client’s last trading date i. e. after a period of 12 months of being flagged as inactive but have undertaken transactions through us either in IPO, Mutual Fund or DP Operations:** In case, client seeks re-activation after period of 24 months from client’s last trading date i. e. after a period 12 months of being flagged as inactive, fresh documentation, re-KYC/ due diligence and IPV will **not** have to be undertaken in case of client who have undertaken transaction through us either in IPO, Mutual Fund subscription or any DP Operations within **the period of 12 months of being flagged as inactive.**

4. **Reactivation of the Client after period of 24 months from client’s last trading date i. e. after a period 12 months of being flagged as inactive with even no transactions through us either in IPO, Mutual Fund or any DP Operations:** If such client seeks re-activation after a period of 24 months from client’s last trading date i. e. after a period 12 months of being flagged as inactive, fresh documentation, re-KYC/ due diligence and IPV will have to be undertaken. Hence, fresh documentation, re-KYC/ due diligence and IPV would be applicable to clients seeking re-activation after a period of 24 months from their last trading date.

Above 4 Scenerio are summarized as under:

Sr. No.	Scenerio	Action Points
1	If the client has not traded in the last 12 months across all Exchanges then such client	Client would be flagged as an Inactive in the UCC database of all the Exchanges
2	Reactivation of the Client within 24 months from client’s last trading date	Client shall be re-activated after ensuring that basic details of such client like Address, Mobile number, Email ID, Bank/ DP accounts are updated in our records as well in the UCC database of the Exchanges.
3	Reactivation of the Client after period of 24 months of client’s last trading date who have undertaken transactions through us either in IPO, Mutual Fund or DP Operations	In case Client has undertaken transaction through us either in IPO, Mutual Fund subscription or any DP Operations within the period of 12 months of being flagged as inactive, Fresh documentation, re-KYC/ due diligence and IPV will not have to be

		undertaken and client shall be re-activated after ensuring that basic details of such client like address, Mobile number, Email ID, Bank/ DP accounts are updated in our records as well in the UCC database of the Exchanges.
4	Reactivation of the Client after period of 24 months from client's last trading date with even no transactions through us either in IPO, Mutual Fund or any DP Operations	Fresh documentation, re-KYC/ due diligence and IPV will have to be undertaken before changing the status of client from "Inactive" to "Active"

Return of Clients assets: All client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

Settlement/ return of funds of the clients which are non-traceable and/ or non-availability of proper client bank account details: In cases, where it is not possible to settle the client accounts due to non-availability of client's bank account details and non-traceability of client, proper audit trail for efforts taken to trace the clients and to settle their funds should be maintained. Further, in such cases, following steps would be taken.

- i. In view of the latest Upstreaming requirements, we are required to upstream unclaimed client funds (funds of the clients which are non-traceable and/ or non-availability of proper client bank account details) to Clearing Corporation. We are required to report "0" in "Client Bank Account Number" column of Cash & Cash equivalent submission.
- ii. In case of receipt of any claims from such clients, members are advised to settle the accounts immediately and ensure that the payment is made to the respective clients only.

Return of securities of the clients which are non-traceable and/ or non-availability of proper client demat account details: In cases, where it is not possible to return client securities due to non-availability of client's demat account details and/ or non-traceability of client, proper audit trail for efforts taken to trace the clients and to return their securities should be maintained.

Reporting of client Funds & Securities: In accordance with NSE Circular NSE/INSP/43488 dated February 10, 2020, requirement of upload of the details of such inactive clients having NIL balances is done away in respect of following submission/ upload:

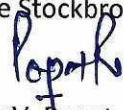
Policy for Inactive (Dormant) Accounts

UNIQUE
STOCKBRO PVT. LTD.

- i. Weekly submission of securities holding to the Exchange as prescribed in NSE Circular NSE/INSP/40743 dated April 12, 2019 and NSE/INSP/41711 dated July 25, 2019
- ii. Monthly upload of client funds and securities balances to Exchange under Enhanced Supervision prescribed in NSE Circular NSE/INSP/33276 dated September 27, 2016, NSE/ISC/2017/35268 dated July 3, 2017 and NSE/ISC/36817 dated January 24, 2018.

This policy is circulated amongst all departmental heads and all dealers. The same is also displayed on our website.

For & behalf of
Unique Stockbro Private Limited


Paresh V. Popat
Director


Ashish V. Popat
Director



Date: March 01, 2024

End of Report

Disclaimer: Policy for Inactive (Dormant) Accounts as depicted above is subject to change from time to time having regard to change in circumstances & regulatory guidelines. This Policy for Dormant Accounts shall be reviewed periodically in accordance with regulatory guidelines and management perception.


BOARD RESOLUTION

True extract of the minutes of meeting of the Board of Directors of Unique Stockbro Private Limited [for the sake of brevity hereinafter referred to as the “**Company**”] held on March 01, 2024 at Registered Office of the Company.

Policy for **Inactive (Dormant) Accounts** of the company was reviewed and discussed. Board was satisfied about the implementation and effectiveness of the said Policy. Revised Policy for **Inactive (Dormant) Accounts** dated February 29, 2024 was accepted and ratified by the Board.

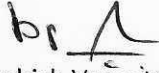
Certified to be true copy

For and on Behalf of
Unique Stockbro Private Limited


Paresh Vasantrai Popat
Chairman of the Meeting
DIN: 00390850

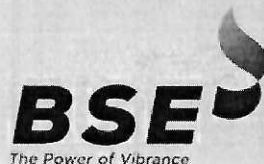


For and on Behalf of
Unique Stockbro Private Limited


Ashish Vasantrai Popat
Director
DIN: 00391052

Date: March 01, 2023

Place: Mumbai



NOTICES

Notice No.	20200210-47	Notice Date	10 Feb 2020
Category	Compliance	Segment	General
Subject	Treatment of Inactive Trading Account		

Content

This is with reference to the BSE notice no. 20091204-7 dated Dec 04, 2009 and 20100203-30 dated Feb 03, 2010 regarding Dealings between trading members and their clients wherein Stock Brokers were required to frame policy of treatment of inactive accounts and implement the same.

In order to provide guidelines regarding treatment of inactive account and ensure uniformity across the all the Stock Brokers, the following guidelines, framed in joint consultation with other Exchanges, are being issued:

- 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
- Transaction in Inactive Trading accounts:** 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. The Stock Brokers are also required to ensure that any further trading by such client should be allowed only after undertaking sufficient due diligence and obtaining the updated information related to KYC from the concerned Client. Appropriate disciplinary actions may be initiated in case of any trades are executed in any account flagged as 'Inactive'.
- All trading members are advised to upload correct status of the client code in the UCC database of the Exchanges prior to the execution of the trades.
- Return of Clients assets:** Stock Brokers are required to ensure that all client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

In case a stock broker is unable to settle the client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, Stock Brokers are advised to make all efforts to trace the clients to settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.

Further in cases where the stock brokers are unable to trace such clients in spite of all efforts taken, Stock Brokers are directed to take the following steps:

- Open one separate Client Bank/Client Collateral Demat account and immediately set aside the funds and securities of these clients in such account.
- 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).
- 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.
- In case of receipt of any claims from such clients, stock brokers are advised to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only.

5. Reporting of Client Funds & Securities: Henceforth, Stock Brokers are not required to upload the details of such Inactive clients having NIL balances in their weekly submission of securities holding to the Exchange as prescribed in BSE Circular 20190412-43 dated April 12, 2019 and 20190802-34 dated August 2, 2019 and monthly upload of client funds and securities balances to Exchange under Enhanced Supervision prescribed in BSE Circular 20160927-41 dated September 27, 2016, 20170706-11 dated July 6, 2017 and 20180130-43 dated January 30, 2018. However, details of clients having funds or securities balances shall be reported even if their UCC has been flagged as 'Inactive'.

Stock Brokers are requested to take note of the contents of the circular and ensure compliance of the same with immediate basis.

In case of any queries/ clarification, Stock brokers may contact the under mentioned officials:

Name of Officials	Contact No
Mr. Vikash Kumar	2272 8997
Mr. Tushar Shetty	2272 8217



NOTICES

Notice No.	20201201-27	Notice Date	01 Dec 2020
Category	Compliance	Segment	General
Subject	Treatment of Inactive Trading account		

Content

This has reference to Exchange notice no 20200210-47 dated February 10, 2020 with respect to Treatment of Inactive trading account. Based on representations received from Members' and in consultation with other Stock Exchanges the following clarification is being issued:

- i. The requirement for flagging the client as inactive in the UCC database of the Exchanges and the exemption for reporting (weekly submission of securities holding and monthly upload of client funds and securities balances) shall continue to be applicable if no trades are carried out by the client in the last 12 (Twelve) months across all Exchanges.
- ii. Members shall be required to undertake the fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive. However, in case a client has undertaken transaction through the Member, with respect to IPO/Mutual Fund subscription and DP operations (if the Member is a DP) during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

Further, in the below mentioned conditions, as stipulated in SEBI circular dated April 24, 2020 bearing reference number SEBI/HO/MIRSD/DOP/CIR/P/2020/73, the requirement for undertaking an IPV shall not be required:-

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI.
- When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

Notwithstanding anything contained above, in case a client seeks re-activation before a period of 1 year of being flagged as inactive, Member shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

Members shall also ensure that appropriate due diligence of the client is conducted on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.

All Members are advised to take note of the above and comply.

In case of any clarifications, Members may contact our below offices:

Name of officials	Contact No	Email ID
Prakash Ananthanarayanan	022-22728895	bse.inspection@bseindia.com
Tushar Shetty	022-22728217	
Prashant Sindhwad	022-22728460	

For and On behalf of BSE Ltd.

Hiteshkumar Desai
Additional General Manager
Broker Supervision

Kiran Sawant
Asst. General Manager
Broker Supervision



NOTICES

Notice No.	20210928-53	Notice Date	<u>28 Sep 2021</u>
Category	Compliance	Segment	General
Subject	Treatment of Inactive Trading account		

Content

This has reference to Exchange circulars 20200210-47 dated February 10, 2020, and 20201201-27 dated December 01, 2020 with respect to Treatment of Inactive trading account.

As per the said circulars, members are required to flag the client as inactive in UCC database of the Exchange in case the said clients have not traded in the last 12 months across all Exchanges. Members are required to undertake fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date. It has come to the notice of the Exchange that members are seeking re-KYC and IPV from clients even if the clients are requesting for activation of their inactive account within 12 months from the date of marking the client account as inactive i.e. within 2 years from their last trading date.

It has also come to the notice of the Exchange that members are urging clients to trade to prevent accounts from being flagged as inactive, referring to the above-mentioned circulars.

In view of the same, it is reiterated that while member shall flag the client as inactive in UCC database of the Exchange in case clients have not traded in the last 12 months, fresh documentation, due diligence and IPV should be undertaken only when the client seeks reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date. Further, no communication seeking clients to trade in order to prevent accounts from being flagged inactive should be sent.

All members are advised to take note of the above and strictly comply with the same.

For and on behalf of BSE Ltd.

Hiteshkumar Desai
Additional General Manager
Broker Supervision

Sandeep Sharma
Asst. General Manager
Broker Supervision

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED
INSPECTION DEPARTMENT - CIRCULAR**

Download Ref. No: NSE/INSP/14048
Circular No. NSE/INSP/2010/91

February 03, 2010

To
All Members

Sub: Clarification on dealings between a client and a stock broker

This is with reference to the Exchange circular no. NSE/INSP/2009/85 (download no. NSE/INSP/13606) dated December 03, 2009. Based on various queries that have been received from trading members, clarifications to certain requirements stated in the circular are detailed out in "Annexure 1".

Trading Members are required to ensure due compliance of the aforesaid circular in true spirit.

In case of any further queries, members are requested to contact the following officials, alternatively members may send an email to the following email id: compliance_assistance@nse.co.in

Name	Extn	Board Lines	Direct No
Mr. Hansen Cardoza	5123	022-26598100-14	26598196
Mr. Joginder Singh	5117		
Ms. Rachana Bhusari	5107		

For National Stock Exchange of India Limited

**C N Upadhyay
Assistant Vice President
Inspection Department**

Encl: Annexure 1

Annexure- 1

Clarifications to Annexure –A of SEBI Circular MIRSD/SE/Cir-19/2009 dated December 03, 2009

Client Registration Procedure

Point no.1 - Segregation of mandatory & non-mandatory documents in folder/book.

The above requirement is applicable only to prospective clients. In case of clients registered before the date of Circular (existing clients) trading member shall collect additional information if any, in the form of an addendum.

Mandatory Documents

Point no. 3 - Mandatory documents as prescribed by SEBI.

All the documents under Mandatory documents should be as per format prescribed by SEBI. However for **existing clients** if any additional voluntary clauses are forming part of mandatory documents and such clauses are not in conflict with any of the clauses in the model format , rules, regulations, articles, byelaws, circulars , directives & guidelines of SEBI/Exchange, in such scenario trading member may not execute fresh documents.

Point no. 4 - Signature against market segments/ stock exchanges in which client intends to trade.

This requirement is applicable only to prospective clients. For existing clients trading member should send information pertaining to segments/ exchanges along with quarterly statement of accounts for funds & securities and maintain proof of dispatch/delivery of the same.

Point no. 5 - Capturing Identity & address of the Introducer.

This requirement is applicable only to prospective clients.

Point no. 6 -Documentary evidence of financial details.

In respect of clients trading in derivative segment, the member shall collect documentary evidence for financial information.

Illustrative list of documents

1. Copy of ITR Acknowledgement
2. Copy of Annual Accounts
3. Copy of Form 16 in case of salary income
4. Net worth certificate
5. Salary Slip
6. Bank account statement for last 6 months
7. Copy of demat account Holding statement.
8. Any other relevant documents substantiating ownership of assets.
9. Self declaration along with relevant supporting.

Further, for clients registered before the circular date (existing clients), trading member shall collect documents pertaining to financial information at the time of periodic (annual) updation of financial information.

Point no. 7 - Capturing details of actions taken against the client.

The action taken against a client would mean action by any financial sector regulator. The primary onus of declaring the information rests with the client. However with respect to regulatory orders available in public domain, trading member should also verify the details provided by the client.

Point no. 8 - Documents pertaining to policies & procedures.

For the existing clients wherever terms pertaining to policies & procedures are not explicitly elaborated in the already executed documents, trading member should intimate the said policies/procedures to all clients & maintain records of dispatch/delivery of such documents to clients.

In case of Internet trading Clients, if information pertaining to all procedures/policies is made available to respective clients in a secured manner electronically the same shall be treated as sufficient compliance.

Trading Member shall define “**penny stocks**”. For this purpose trading member may refer to the stocks which are appearing in the list of illiquid securities issued by the Exchanges every month.

Non Mandatory documents

Point No. 9

This requirement is applicable only to prospective clients.

Running Account Authorization

Point no. 12

The settlement of funds/securities shall be done within 24 hours of the payout should be read as “shall be done within 1 working day of the payout”.

For all clients registered before the circular date (existing clients) the said requirement of revised running account authorization with a clause of revocation would be applicable wherein running account authorization is taken prior to 1 year and is due for renewal.

For calculation of “funds expected to be required to meet margin obligation for next 5 trading days” it is clarified that

- In respect of derivative market transactions, apart from margin liability as on the date of settlement, trading member may retain additional margins (maximum up-to 75% of margin requirement on the day of settlement) to take care of any margin obligation arising in next 5 days.
- In respect of cash market transactions, trading member may retain entire pay-in obligation of funds & securities due from clients as on date of settlement

For the purpose of quarterly/monthly settlement trading member may settle across segments of the same exchange for a particular client.

Trading member is required to send statement of accounts for funds & securities monthly/quarterly as applicable, at the time of settlement. This is an adequate compliance for the purpose of sending quarterly statement of accounts for funds/securities.

Authorization for Electronic Contract Notes

Point no. 13

For the clients registered before the circular date (existing clients), where trading member has generated e-mail id for client, trading member would be required to obtain duly signed physical confirmation letter confirming the e-mail id and exercising choice to receive documents on this e-mail id.

For all prospective clients, e-mail id should be created / provided by the investor only.

General

Point no. 14 – All documents to be printed in font size 11

This requirement is applicable only to prospective clients. Additionally trading member should ensure that the contents are legible for investors to read.

Point no. 15 - Sending of executed documents to clients.

In case of existing clients to whom trading member has not already sent the executed documents earlier, the same should be sent upon request by clients and proof of dispatch/delivery should be maintained.

In case of Internet Trading Clients, if documents are made available to the client through secured access electronically the trading member may not send physical documents.

The timeline of 7 days should start from the day of upload of UCC to the Exchange by the trading member.

Point no. 16 - Display of standard documents / information on the website.

Trading members having their own website shall display the set of standard documents on the website for information.

Point no. 18 - Policy regarding treatment of inactive accounts.

Trading member shall define “**Inactive accounts**” while framing the Policy.

Point no. 19 - Statement of balance of funds & securities on 31st March

In view of the requirement for trading members to send monthly/quarterly statement of accounts for both funds & securities, the statement as on March 31, every year shall be sent to the **clients only upon request.**

Trading members are required to ensure due compliance with aforesaid Circular of SEBI (MIRSD/SE/Cir-19/2009) in true spirit.

National Stock Exchange Of India Limited**Department :**

Download Ref No: NSE/INSP/43488

Date : February 10 , 2020

Circular Ref. No: 06/2020

To All Members,

Sub: Treatment of Inactive Trading account

This has reference to the NSE circulars no. NSE/INSP/13606 dated Dec 03, 2009 and NSE/INSP/14048 dated Feb 03, 2010 regarding Dealings between trading members & their clients wherein members were required to frame policy of treatment of inactive accounts and implement the same.

In order to provide guidelines regarding treatment of inactive account and ensure uniformity across all the members, the following guidelines, framed in joint consultation with other Exchanges, are being issued:

1. **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
2. **Transaction in Inactive Trading accounts:** 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. The Members are also required to ensure that any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client. Appropriate disciplinary actions may be initiated in case of any trades are executed in any account flagged as 'Inactive'.
3. All trading members are advised to upload correct status of the client code in the UCC database of the Exchanges prior to the execution of the trades.
4. **Return of Clients assets:** Members are required to ensure that all client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

In case a member is unable to settle the client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, Members are advised to make all efforts to trace the clients to settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.

Further in cases where Members are unable to trace such clients in spite of all efforts taken, members are directed to take the following steps:

- i. Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of these clients in such account.
- ii. 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).
- iii. 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.
- iv. 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.

5. **Reporting of client Funds & Securities:** Henceforth, Members will not be required to upload the details of such inactive clients having NIL balances in their weekly submission of securities holding to the Exchange as prescribed in NSE Circular NSE/INSP/40743 dated April 12, 2019 and NSE/INSP/41711 dated July 25, 2019 and monthly upload of client funds and securities balances to Exchange under Enhanced Supervision prescribed in NSE Circular NSE/INSP/33276 dated September 27, 2016, NSE/ISC/2017/35268 dated July 3, 2017 and NSE/ISC/36817 dated January 24, 2018. However, details of clients having funds or securities balances shall be reported even if their UCC has been flagged as 'Inactive'.

Members are requested to take note of the contents of the circular and ensure compliance of the same with immediate basis.

For and on behalf of

National Stock Exchange of India Limited

Srijith Menon
Chief Manager-Inspection

In case of any clarifications, Members may contact our below offices:

Regional Office	CONTACT NO.	E MAIL ID
Ahmedabad (ARO)	079-49008632	inspectionahm@nse.co.in
Chennai (CRO)	044- 66309915/17	inspection_cro@nse.co.in
Delhi (DRO)	011-23459127 / 38 / 46	delhi_inspection@nse.co.in
Kolkata (KRO)	033-40400411 / 06	inspection_kolkata@nse.co.in
Mumbai(WRO)	022-25045259/217/264 or 022-61928200 Extn: 28264/28259	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in	

National Stock Exchange Of India Limited**Department : Inspection**

Download Ref No: NSE/INSP/46506

Date : December 01, 2020

Circular Ref. No: 73/2020

To All Trading Members,

Sub: Treatment of Inactive Trading account

This has reference to Exchange circular NSE/INSP/43488 dated February 10, 2020 with respect to Treatment of Inactive trading account. Based on representations received from Members' and in consultation with other Stock Exchanges the following clarification is being issued:

- i. The requirement for flagging the client as inactive in the UCC database of the Exchanges and the exemption for reporting (weekly submission of securities holding and monthly upload of client funds and securities balances) shall continue to be applicable if no trades are carried out by the client in the last 12 (Twelve) months across all Exchanges.
- ii. Members shall be required to undertake the fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive. However, in case a client has undertaken transaction through the Member, with respect to IPO/Mutual Fund subscription and DP operations (if the Member is a DP) during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

Further, in the below mentioned conditions, as stipulated in SEBI circular dated April 24, 2020 bearing reference number SEBI/HO/MIRSD/DOP/CIR/P/2020/73, the requirement for undertaking an IPV shall not be required:-

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI.
- When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

Notwithstanding anything contained above, in case a client seeks re-activation before a period of 1 year of being flagged as inactive, Member shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

Members shall also ensure that appropriate due diligence of the client is conducted on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.

All Members are advised to take note of the above and comply.

For and on behalf of

National Stock Exchange of India Limited

**Subhankar Chowdhury
Senior Manager-Inspection**

In case of any clarifications, Members may contact our below offices:

Regional Office	E MAIL ID
Ahmedabad (ARO)	inspectionahm@nse.co.in
Chennai (CRO)	inspection_cro@nse.co.in
Delhi (DRO)	delhi_inspection@nse.co.in
Kolkata (KRO)	inspection_kolkata@nse.co.in
Mumbai(WRO)	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/ 49743	Date: September 27, 2021
Circular Ref. No: 47/2021	

To All Members,

Sub: Treatment of Inactive Trading account

This has reference to Exchange circulars NSE/INSP/43488 dated February 10, 2020, and NSE/INSP/46506 dated December 01, 2020 with respect to Treatment of Inactive trading account.

As per the said circulars, members are required to flag the client as inactive in UCC database of the Exchange in case the said clients have not traded in the last 12 months across all Exchanges. Members are required to undertake fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date.

It has come to the notice of the Exchange that members are seeking re-KYC and IPV from clients even if the clients are requesting for activation of their inactive account within 12 months from the date of marking the client account as inactive i.e. within 2 years from their last trading date. It has also come to the notice of the Exchange that members are urging clients to trade to prevent accounts from being flagged as inactive, referring to the above-mentioned circulars.

In view of the same, it is reiterated that while member shall flag the client as inactive in UCC database of the Exchange in case clients have not traded in the last 12 months, fresh documentation, due diligence and IPV should be undertaken only when the client seeks reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date. Further, no communication seeking clients to trade in order to prevent accounts from being flagged inactive should be sent.

All members are advised to take note of the above and strictly comply with the same.

National Stock Exchange of India Limited

**For and on behalf of
National Stock Exchange of India Limited**

**Harinatha Reddy M
Senior Manager - Inspection**

In case of any clarifications, Members may contact our below offices:

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