



PRL STOCK & SHARE BROKERS PVT. LTD.

Member : National Stock Exchange of India Ltd. (NSE)

SEBI REGN.NO. INB 231220931 (CM) & INF 231220931 (F&O)

Member : Bombay Stock Exchange Ltd. (BSE)

SEBI REGN.NO. INB 011220937 (CM) & INF 011220937 (Derivatives)

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Updated Policy on Inactive (Dormant) Accounts

Policy prepared/reviewed by:	KYC Head and Compliance officer
Policy approved by:	Regulatory committee and noting by Board of Directors
Policy approved on:	Regulatory committee on January 08th 2025 Board of Directors in the Board Meeting on January 15th 2025

1. BACKGROUND:

This policy has been made as per the requirements of SEBI/exchanges for laying down proper guidelines with respect to the operations of the Inactive (Dormant) Accounts. SEBI guidelines issued vide circular No. MIRSD/SE/Cir-19/2009 dated December 3, 2009 wherein as per point 18, Annexed to the circular, it has quoted that "The stock broker shall *frame the policy regarding treatment of inactive accounts* which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same. It shall display same on its web site, if any" and exchanges having issued its circulars for the same, whereby we have been directed to frame the policy regarding treatment of inactive accounts.

2. DEFINITION OF DORMANT/ INACTIVE ACCOUNTS:

The term inactive account refers to such account wherein any of below mentioned activities has not been carried out by client since last 24 (Twenty-Four) months:

1. Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/segments{Cash/Equity Derivative Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time} of the exchanges through same Member
2. 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 installment payments) on the Mutual Fund platform of the stock exchanges through same Member or
3. 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' in bakoffice and UCC database of all the respective Exchanges.

3. TREATMENT FOR DORMANT/INACTIVE ACCOUNTS:

To prevent client accounts from unauthorized trading and mitigate client complaints, we shall mark accounts as "Inactive" and KYC Team through internal software shall identify dormant accounts list such that 15 days prior to codes becoming inactive system generated emails would be sent to client that their account would become dormant

- 1) Vide an email and/or sms intimation to client
- 2) Vide an email to respective branches.

In case no response is received from the branch, person in charge of KYC shall on the day of codes becoming inactive, forward list of such clients to RMS team for suspending the codes from further transaction. RMS Team shall ensure that codes are earmarked for suspension from trading until the account is reactivation request is received with confirmation from KYC team. The client shall be allowed to trade only after account is re-activated.

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4. PROCESS FOR RE-ACTIVATION OF DORMANT/INACTIVE ACCOUNTS:

Client can re-activate their account by giving a request in the prescribed form (enclosed) and or vide electronic communication from registered email id, to respective branch / Head Office along with updated details, if any, has been changed. While reactivating the said client, we shall carry out the following

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- a. Mandatorily comply with In-Person Verification/Video In-Person Verification (IPV/VIPV) requirement specified in the SEBI Master Circular on KYC dated October 12, 2023.
- b. Seek confirmation from the client if there is any change in clients' basic details such as Address, Mobile number, Email ID, Bank/DP account, income, etc. as registered with the Member. In case of changes in any of the said details, we shall seek updated details along with the necessary documents and update in its records as well in the UCC records of the respective Exchanges. In case of KRA Validated status or Registered status we may fetch the details along with the necessary documents from the KRA record and display details for confirmation of the client and updation in its record. If there is change, then we shall update the UCC records of Exchanges as well as KRA. If client has confirmed that there is no change, we shall maintain the verifiable logs of the same.
- c. Notwithstanding anything contained above, in case a client seeks re-activation then We 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 we 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.

Once an inactive account is re-activated as per the procedure prescribed above, the computation of next 24 months for the purpose of identifying client as inactive in the subsequent period shall be considered from the date of last reactivation

Notwithstanding anything contained above, we shall also ensure adequate due diligence of the client on an ongoing basis (including, but not limited to, doing Re-KYC) in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies

5. **RETURN OF CLIENTS ASSETS:** We 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 we are unable to settle the client accounts due to non-availability of client's account details and non-traceability of client, We are advised to make all efforts to trace the clients to settle client account and maintain an audit trail for such efforts made for tracing such clients and settling their account. In case of receipt of any claims from such clients, we are advised to settle accounts immediately and ensure that the payment/delivery is made to the respective clients only. We shall keep such unsettled funds upstreamed to Clearing Corporations. .
6. **REPORTING OF CLIENT FUNDS & SECURITIES:** We shall not be required to upload the details of such inactive clients having NIL balances in daily submission of Holding Statement and daily submission of Segregation and Monitoring of Collateral at Client level to Clearing Members/Clearing Corporations. However, details of the clients having funds or securities balances shall be reported (daily submission of Segregation and Monitoring of Collateral at Client level file reporting to Clearing Corporations in case of funds and daily submission of Holding Statement to the Exchange in case of securities) even if their UCC has been flagged as 'Inactive'.
7. **INTERNAL AUDIT:** The process to be verified by an internal auditor during internal audits as prescribed by the exchange, so to ensure that guidelines set under this policy have been adhered to.
8. **REVIEW OF PROCESS:** This process may be reviewed as and when there are any functional changes amongst the team members and or as part of process development and or when it is found necessary to change the policy due to business needs, the same would be placed before the Board/Executive committee for their review and approval.
9. **ACTIONS FOR NON COMPLIANCE:** To adhere to these guidelines would be the responsibility primarily of person in charge of KYC and further for blocking of codes would be that of person in charge of RMS and any deviation to the above process and /or non compliance would not be acceptable under any circumstances and would be viewed seriously
10. **POLICY COMMUNICATION:** A copy of this document shall be made available to all the relevant staff and updated in records of HR as process and policy document. This document would be available on our website and clients can refer same.
11. **APPLICABILITY:** This is applicable to from immediate effect

For PRL STOCK & SHARE BROKERS PVT. LTD.
Gaurav Kumar
 Director