

**POLICY AND PROCEDURE FOR**  
**MANAGING INACTIVE/DORMANT**  
**TRADING ACCOUNTS**

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**MAX STOCK BROKING PRIVATE LIMITED**

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This document outlines the company's internal policy and procedures to be followed diligently by all relevant teams for the identification, management, and reactivation of inactive or dormant trading accounts. The aim is to ensure compliance with applicable SEBI regulations, NSE/BSE/MCX circulars, and the company's internal risk management framework.

## **1. Objective**

The purpose of this policy is to ensure the systematic handling of trading accounts that are inactive for extended periods. The company is committed to safeguarding client interests while maintaining compliance with regulatory requirements and internal standards.

## **2. Definition of Inactive/Dormant Accounts**

For the purposes of this policy:

- A trading account will be classified as inactive if there is no trading activity (buy/sell), no participation in IPOs, OFS, buybacks, or mutual funds, and no modifications or updates to the client's KYC details for a **continuous period of 24 months**.
- A depository account will also be classified as inactive if no DP transactions are recorded with the company for the same period.

## **3. Identification and Classification of Inactive Accounts**

- The company will periodically review client accounts to identify those meeting the criteria for inactivity.
- Accounts identified as inactive will be flagged as such in the UCC records of all exchanges.
- The company will notify clients prior to marking their accounts inactive. However, such communications will not contain any language suggesting that the client must trade to prevent inactivation.

#### **4. Settlement of Client Assets**

- Upon an account being marked as inactive, the company will ensure the settlement of all client funds and securities in accordance with the settlement frequency opted by the client (monthly/quarterly).
- A **zero balance** will be maintained in inactive accounts, with the exception of funds retained solely to cover applicable Demat charges.
- Clients will be provided with a settlement statement confirming the return of their assets.

#### **For Untraceable Clients**

- In cases where the client is untraceable, the company will:
  - Upstream the unclaimed funds to the clearing corporation.
  - Tag such funds as "Untraceable Client" in the segregation file submitted to clearing corporations.
  - Maintain an audit trail of all efforts made to trace the client, including communications and attempts to contact via registered details.

#### **5. Reactivation of Inactive Accounts**

The company will follow a structured approach to reactivating dormant accounts, ensuring due diligence and compliance:

- **Reactivation Within 12 Months:**
  - Reactivation will be carried out upon obtaining oral confirmation from the client or a written reactivation request.
- **Reactivation After 12 Months:**
  - Reactivation will require the client to complete a fresh re-KYC process, including providing proof of identity, address, and any updated details.
  - In-person or video in-person verification (IPV/VIPV) will be conducted, and updated details will be uploaded to CKYC and KRA as necessary.
- The company will ensure that updated details are reflected in UCC records across all exchanges.

## **6. Ongoing Monitoring and Due Diligence**

- Once reactivated, the 24-month inactivity period will reset, and the account will be subject to periodic reviews to ensure ongoing compliance with SEBI and internal requirements.
- The company will conduct regular re-KYC and risk-based monitoring of all inactive and dormant accounts in line with PMLA guidelines and internal risk policies.

## **7. Reporting of Inactive Accounts**

- Inactive accounts with no funds or securities will not be reported in daily submissions to exchanges.
- For accounts holding funds or securities, the company will include them in daily segregation and monitoring reports to clearing corporations, with appropriate tagging to reflect the account's status.

## **Compliance and Accountability**

The company recognizes the importance of strict adherence to this policy to maintain compliance with SEBI and NSE/BSE/MCX regulations. All employees and teams involved in account management and compliance are required to implement this policy effectively and document all actions taken.

This policy ensures the company follows a structured, compliant, and transparent approach in managing inactive accounts while safeguarding client interests and meeting all regulatory obligations.