

Finquest Securities Pvt. Ltd.

POLICY REGARDING TREATMENT OF DORMANT/INACTIVE CLIENTS

(Approved by the Board on: August 6, 2020

Revised on: December 12, 2021

Revised on: July 12, 2022

Revised on March 18, 2023

Revised on April 01, 2024

Purpose:

This policy defines the treatment of Dormant/Inactive accounts of the clients maintained with Finquest Securities Pvt. Ltd.

Objective:

The objective of the policy is to appropriately deal with the Inactive/dormant Accounts. The term "inactive account" refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges. Such accounts will be flagged as Inactive at back office level as well as at exchanges level. Once the account gets deactivated the client will not be able to place any trade in their registered segment / Exchange. Reactivation of such accounts would be subject to necessary due diligence and required documents.

Background:

SEBI vide Notification No: MIRSD/SE/Cir-19/2009, dated December 3, 2009, NSE vide Circular No. NSE/INSP/13606, dated: December 03, 2009 and NSE/INSP/14048 dated Feb 03, 2010; and BSE vide Notice No. 20091204-7, dated: December 04, 2009, and 20100203-30 dated Feb 03, 2010; have advised to the Stock Broker that a policy be framed to deal with the inactive/dormant accounts. The 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 Finquest Securities Pvt. Ltd. from time to time.

Further, in order to ensure uniformity across all the stock brokers, NSE vide Circular NSE/INSP/43488 and BSE vide Notice No. 20200210-47 dated February 10, 2020 have issued the below mentioned guidelines regarding the treatment of Inactive (Dormant) accounts of the clients.

Definition of Inactive (Dormant) Accounts:

In case of trading account, the term dormant/Inactive account refers to such account wherein clients have not carried out any transactions h since last 12(twelve) months across all Exchanges.

In case of Demat account the term Dormant/Inactive accounts refers to such accounts where no debit transaction had taken place for a continuous period of 6(six) months.



Transaction in Inactive (Dormant) Trading Accounts:

The Dormant accounts identified based on the above criteria shall be flagged as "Inactive" in the UCC database of all the respective Exchanges. The clients account would be reactivated and trading shall be allowed to clients only after undertaking proper due diligence (including In-Person Verification) and obtaining the updated information related to KYC from the concerned client.

Further exposures to dormant accounts will only be granted after conducting proper due diligence, including in-person verification, and obtaining updated KYC information from the concerned client. If the client fails to comply with the policy requirements, no further exposures will be granted.

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

Process for re-activation of Inactive (Dormant) account:

Client can get his/her account reactivated by following any of the below mentioned process:

Before activation of any Inactive (dormant) client, Relationship Managers/Service Manager's shall do re-KYC process of the client.

Relationship Managers/Service Managers shall do "in-person verification" of the client and obtain copies of PAN and address proofs from the clients.

On verification of documents, the clients' accounts shall be flagged as "Active" in the UCC database of all the respective Exchanges and accordingly they will also mark as active in trading terminal.

In-Person Verification Process:

For Individual Clients: Certified copies of PAN and address proof shall be obtained.

For NRI Clients: Verification shall be done through Video calling. Additionally, certified copies of PAN and address proofs shall be obtained.

For Non-Individual Clients: Certified copies of PAN, address proof, Board Resolution of the Entity/Firm/Corporate and self-certified/attested copies of PAN and address proof of all the authorized signatories shall be obtained.

Debit Transaction in Dormant/Inactive Demat Account:

The Demat account wherein no debit transaction had taken place for a continuous period of 6 (six) months shall be flagged as Dormant/Inactive account. Additional due diligence would be observed over and above the normal verification procedure while processing off market debit transactions in such account. The transaction shall also be verified with the Beneficial owner in case of high value debits and the details of the process, date, time, etc., of the verification on the instruction slip shall be recorded under the signature of a senior official.

Return of Clients Assets:

All client accounts shall be settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.



In case of non-settlement of the client accounts due to non-availability of client's bank Account and/or demat account details and/or non-traceability of client, efforts shall be made to trace such client(s) to settle their funds and securities.

An audit trail shall be maintained for such efforts made for tracing such clients and settling funds and securities of such clients.

In case of inability to trace such clients even after taking all possible efforts, following steps shall be taken:

- ✓ Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of such clients in such account.
- ✓ Maintain audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / Beneficial Owner (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 shall be shared as directed / guided by the Exchanges.
- ✓ In case of receipt of any claims from such clients, accounts of such clients shall be immediately settled and payment/delivery shall be made to the respective clients only.

Violation and Consequences:

The policy is applicable to all employees of the company and any non-compliance or circumvention, whether intentional or otherwise, will involve action from the management.

REVIEW:

The Board of Directors or Compliance Officer of the company shall review & update this policy from time to time and make the necessary changes as per the amendments introduced by the regulators.

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