



MADHUVAN SECURITIES PRIVATE LIMITED
Member of National Stock Exchange of India Limited
Member of National Securities Depository Limited
CIN: U67120GJ1995PTC024502
Regd. Office
82, Madhuvan, Opp. Hotel West End, Ellisbridge,
Ahmedabad-380 006
Tel : 079-68198992 Email : info@madhuvan.com

MADHUVAN SECURITIES PRIVATE LIMITED

**POLICY ON INACTIVE ACCOUNT/DORMANT ACCOUNT AND GRANTING
FURTHER EXPOSURE AND TRATEMENT OF INACTIVE ACCOUNT**

OBJECTIVES

The objectives of the policy is to be appropriately deal with the inactive/dormant clients have not traded for more than 365 days continuous.

The policy is also applicable for accounts which have been marked inactive on account of Rules, Bye laws, circulars and guidelines issued by SEBI, Exchanges and Internal Risk Management Policies.

BACKGROUND

SEBI vide circular no. dated December 3, 2009, National Stock Exchange vide circular no. NSE/INSP/13606 dated December 3, 2009 and National Stock exchange vide circular No. NSE/INSP/43488 dated February 10, 2020 and NSE circular No. NSE/INSP/46506 dated December 1, 2020 and NSE/INSP/49743 vide dated September 27, 2021 and other circular with this regard directed that a policy be framed by stock brokers to deal with the inactive/dormant accounts.

DEFINITION OF INACTIVE TRADING ACCOUNT

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 exchange.

TRANSACTION IN INACTIVE TRADING ACCOUNTS:

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by the MSPL in UCC database of all the respective Exchanges. MSPL is 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'.



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RETURN OF CLIENT ASSETS:

MSPL 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.

REPORTING OF CLIENT FUNDS & SECURITIES

MSPL 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'.

TREATMENT OF AN INACTIVE/DORMANT ACCOUNT

Accordingly, the dormant account will be locked immediately and the client will not be permitted to undertake any further transaction in such dormant account.

MSPL will undertake fresh documentation, due diligence and IPV where a client is coming for reservation after a period of one year of being flagged as inactive i.e. after 2 years from their last trading date.

PROCEDURE FOR ACTIVE DORMANT/INACTIVE ACCOUNT

If there is no transaction (buy/sell) entered into by the account holder for more than 365 days continues, the account will be marked as "INACTIVE/DORMANT".

All the accounts marked as "INACTIVE/DORMANT" needs to be monitored carefully in order to avoid unauthorized transactions in the account. If client want to make the account "ACTIVE" then client need to request for reactivate his/her account. In case of any change in the information such as, address, mobile number, e mail id, bank account detail etc., then the supportive



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document has to be submitted along with the request. After proper verification of the updated / revised details and approval from the compliance officer / or concerned department in-charge of registration of clients, the account can be made "ACTIVE" and transaction can take place.

STEPS TO BE FOLLOWED FOR REACTIVATION OF DORMANT/INACTIVE ACCOUNT FOR CONTINUOUS 365 DAYS.

The Client can make request by following modes....

1. Client can personally visit at the registered office of the company or;
2. By placing request for reactivation of account through telephonic talk or;
3. Client can also send an email from his/her registered mail id for reactivation request or;
4. Client can send by post and reg. ad, a request letter duly signed for reactivation of account at the registered office of the company.
5. By Providing KYC for Inactive Client Form and KYC.

MSPL will take fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 365 days of being flagged as inactive. However, in case a client has undertaken transaction through the MSPL, 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.

The requirement of 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.

In case a client seeks re-activation before a period of 365 days of being flagged as INACTIVE, MSPL shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account



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are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

MSPL 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.

CONSEQUENCY OF INACTIVE ACCOUNT/DORMANT ACCOUNT

If there is no transaction (buy/sell) entered into by the account holder for more than 365 days continues, the account will be marked as "INACTIVE/DORMANT". The client cannot make trading (buy and sell securities) until; he/she make a request for reactivation of account.

CLIENT EXPOSURE

If Trading Account is Active then only, we allow client exposure based on available credit balance with us. The limit enhanced only if client deposited additional margin or pledged securities. However, if the client has credit balance in other exchanges or segments, we will consider the same as per the rules define by the exchange.

POLICY COMMUNICATION:

Information regarding this policy is given to all the relevant staff/person such as compliance officer/department in charge of registration of clients etc.

DATE:09/04/2024
