VIMAL & SONS श्री

MEMBER, NATIONAL STOCK EXCHANGE

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Inactive / Dormant Account Policy

Policy on the treatment of inactive and dormant trading accounts, framed in accordance with the applicable SEBI and Stock Exchange circulars, including the NSE/BSE Circular on the Treatment of Inactive Trading Accounts dated 25 October 2024.

1. Purpose and Regulatory Basis

This Policy sets out how Vimal & Sons ("V&S", "the Member", "we") identifies, flags, deactivates, reactivates and settles the accounts of clients whose trading accounts have become inactive or dormant.

It is framed in accordance with the directions of the Securities and Exchange Board of India (SEBI) and the Stock Exchanges, including the SEBI circular on settlement of running accounts of client funds dated 3 December 2009 (and subsequent amendments), the SEBI Master Circular on Know Your Client (KYC) norms dated 12 October 2023, and the National Stock Exchange / BSE Circular on the **Treatment of Inactive Trading Accounts dated 25 October 2024** (NSE Circular Ref. No. 80/2024; Download Ref. No. NSE/INSP/64718), together with any amendments or successor circulars issued from time to time.

To the extent of any inconsistency between this Policy and any applicable SEBI or Exchange direction, the regulatory direction shall prevail and this Policy shall be deemed amended accordingly.

2. Definition of an Inactive / Dormant Account

A trading account shall be treated as **"Inactive" / "Dormant"** where **none** of the following activities has been carried out by the client during the preceding **24 (twenty-four) months** across any of the Exchanges or segments through V&S:

- **Trading, or participation in an Offer for Sale (OFS), buy-back or open offer**, across any of the Exchanges or segments — Cash (CM), or any other segment as may be permitted by SEBI or the Stock Exchanges from time to time;
- **Applying for or subscribing to an IPO** (where the IPO bid is successful and not cancelled), a **Sovereign Gold Bond (SGB)**, or a **Mutual Fund** investment (whether a lump-sum investment or an investment made through a successful SIP instalment payment) on the Mutual Fund platform of the Stock Exchanges through V&S; or
- **Modification or updation of the client's e-mail ID, mobile number or address** in the client's KYC record through V&S, where the same has been uploaded to the KYC Registration Agency (KRA) and has attained "Validated" / "Registered" status.

Any one of the above activities resets the 24-month dormancy clock from the date on which it is carried out. This definition replaces the earlier one-year, trading-only test that previously applied under this Policy.

3. Flagging in UCC and Deactivation

Accounts identified as inactive on the above criteria shall be flagged as **"Inactive"** by V&S in the Unique Client Code (UCC) database of all the respective Exchanges, and shall be marked accordingly in the V&S back-office records. The account shall be deactivated / suspended across all segments.

Before an account is deactivated, V&S shall ensure that any open positions of the client are squared off, and that the client's funds and securities are settled in accordance with Section 5 below.

4. Reactivation of an Inactive / Dormant Account

Where a client whose account has been flagged "Inactive" seeks reactivation, V&S shall, before permitting the client to transact, undertake the following:

1. **In-Person / Video In-Person Verification (IPV / VIPV)** shall be carried out mandatorily, in accordance with the requirement specified in the SEBI Master Circular on KYC dated 12 October 2023.
2. **Confirmation and updation of KYC details.** The client shall confirm whether there is any change in the client's basic details — such as address, mobile number, e-mail ID, bank / DP account and income — as registered with V&S. Where there is any change, the client shall provide the updated details together with the necessary documents, and V&S shall update its records and the UCC records of the respective Exchanges and the KRA accordingly. Where the client confirms there is no change, V&S shall maintain verifiable logs of such confirmation.
3. **KRA validation check.** V&S shall verify the client's status with the KRA. Where the client's KRA status is not "Validated" / "Registered" (for example, "On Hold" / "Rejected" / "Registered through another intermediary"), V&S shall obtain the basic details and documents required, upload the same to the KRA, and ensure "Validated" / "Registered" status before permitting the client to trade.
4. **Due diligence.** Reactivation is subject to V&S completing client due diligence, including re-KYC where applicable, in compliance with the PMLA guidelines and the firm's KYC policies, and is subject to such approval of the Exchange as may be required.

On reactivation, the mandatory client-identification fields shall be confirmed or updated, and reflected in the UCC and back-office records, including:

- Client name;
- Complete address, including PIN code;
- Valid Permanent Account Number (PAN);
- Mobile number;
- E-mail ID; and
- Gross annual income / income range.

Once an inactive trading account has been reactivated, the computation of the next 24-month period for the purpose of identifying the account as inactive shall run afresh from the date of the last reactivation. V&S shall also carry out adequate due diligence on an ongoing basis (including, where required, re-KYC) in accordance with the PMLA guidelines and the firm's KYC policies.

5. Settlement of Client Funds and Securities on Dormancy

On an account becoming inactive / dormant, V&S shall settle the client's funds and securities lying with V&S in accordance with the applicable running-account-settlement requirements and the client's registered settlement preference, returning the funds to the client's registered bank account and the securities to the client's registered demat (DP) account.

Where the payout of funds or securities fails because the client is untraceable or the registered bank / DP account details are no longer valid, V&S shall:

- make all reasonable efforts to trace the client and to obtain correct, updated details (including re-KYC), and maintain an audit trail of such efforts;
- treat the unsettled funds as "untraceable client funds" for the purpose of client-collateral / client-funds reporting, and deal with such funds, including any upstreaming to the Clearing Corporation, in the manner and within the timelines prescribed by SEBI and the Exchanges; and
- on the client subsequently coming forward and being duly verified, settle the account and ensure that the payment / delivery is made to that client only.

No amount shall be retained towards administrative or operational difficulty in settling a client's account.

6. Permitted Activity During Dormancy

An inactive / dormant client may continue to place **Mutual Fund orders** through the available facilities during the period of dormancy. Such activity, where it qualifies under Section 2, will also operate to reset the dormancy status of the account.

7. Voluntary Suspension or Closure at the Client's Request

A client who wishes to temporarily suspend or close his / her / its broking account may do so by submitting a written request, or by e-mail through the e-mail ID registered with V&S, in the form and format as may be prescribed by V&S. The request may be submitted to the servicing branch or sub-broker, or to the head office of V&S.

Prior to submission of such a request, the client should ensure that all amounts due and payable to V&S are paid. A request from a client where no dues are outstanding will be processed within **15 working days** from the date of receipt of the request.

Where the client subsequently wishes to reactivate the broking account, a request for reactivation should be sent in writing or by e-mail (through the e-mail ID registered with V&S), accompanied by such documentary evidence as may be specified by V&S from time to time, and shall be subject to the reactivation requirements set out in Section 4.

8. Deregistration of a Client

Without prejudice to V&S's rights and remedies available under the client agreement, V&S may, at its sole and absolute discretion, deregister a client with or without prior notice in any of the following circumstances:

- where the client indulges in irregular trading activities such as synchronised trading, price manipulation, trading in illiquid securities / options / contracts, self-trades, or trading in securities at prices significantly away from the prevailing market price;
- where any enquiry or investigation is initiated against the client by the Exchanges or regulators;
- where any regulatory action is taken or initiated against the client by the Exchanges or regulators, including (but not limited to) debarring the client from accessing the capital market;
- where the client's name appears to resemble a name in the list of debarred entities published by SEBI / the Exchanges (where no information other than the name is available);
- where the client's name appears in the database or website of CIBIL, Watch Out Investors, World-Check, and the like;
- where the client has a suspicious background or a link with a suspicious organisation;

- where the client is non-traceable, has pending disputes with V&S, or where there is a possibility of default by the client;
- any other circumstances leading to a breach of confidence in the client — such as the return of couriers citing "no such person / addressee left" or "refusal to accept mail", continued cheque bouncing, or failure to furnish financial and other details as called for by V&S from time to time;
- upon receipt of written information about the death of the client; or
- such other circumstances as, in the sole opinion of V&S, warrant deregistration of the client.

In all such cases, V&S shall have the right to close out the existing open positions / contracts and to sell / liquidate the margin (in any form) to recover its dues, if any, before deregistering the client, and shall not be liable to the client for any loss or damage (actual or notional) caused as a result. While deregistering the client, V&S may retain a certain amount or securities due to or belonging to the client to meet any current obligations arising out of the client's dealings with V&S; any securities so retained that are sold or liquidated to recover such losses, liabilities or penalties shall be dealt with at the sole authority of V&S as to the mode, manner and price of sale.

In any of the above circumstances, if the client is able to justify his / her / its innocence by producing any record, document or otherwise to the full satisfaction of V&S, V&S may reconsider its decision to deregister the client.

9. General

V&S reserves the right, at its sole and absolute discretion, to amend, change or revise this Policy at any time in the future, and any such change shall be intimated to clients and shall be binding on the client forthwith. This Policy shall at all times be read subject to the prevailing SEBI and Stock Exchange directions.

> **Regulatory authority:** NSE / BSE Circular on the Treatment of Inactive Trading Accounts dated 25 October 2024 (NSE Circular Ref. No. 80/2024; Download Ref. No. NSE/INSP/64718); SEBI Master Circular on KYC dated 12 October 2023; SEBI / Exchange circulars on settlement of running accounts of client funds.

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Approved by: Yashodhan Khare, Partner / Designated Director, Vimal & Sons.

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