



Policy regarding treatment of Inactive/Dormant Client Accounts
(As per SEBI circular no.MIRSD/ SE /Cir-19/2009 dated December 3, 2009)

Revised policy is approved by Board of Directors in its board meeting held on 5th May,2020

The National Stock Exchange of India Limited (NSE) vide circulars no. NSE/INSP/13606 dated Dec 03, 2009 and NSE/INSP/14048 dated Feb 03, 2010 had also issued guidelines and directed members to formulate a policy of treatment of inactive accounts and implement the same.

Definition of Inactive Trading Accounts:-

A Trading account in which no transaction has been carried out for a period of more than 1 year in any registered segment shall be classified as an Inactive Account. However, if the client has traded in any segment of equity or currency then he will be treated as active client and will not be deactivated.

Transaction in Inactive Trading accounts:-

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

Consequence of becoming Dormant/Inactive:-

In case the client becomes inactive, the account of the client shall be locked and the client shall not be permitted to execute a fresh transaction in the account unless the client provides either of the following:

- An e-mail request to reactive the account and process the transaction. Such email request shall be sent only from the e-mail id of the Client registered with VNS, along with scanned copy of self attested PAN card of the client Or
- A written request to reactivate the account and process the transaction signed by the client and submitted to VNS, alongwith self attested copy of PAN card of the client.
- Such request can also be given through BOX utility developed by the company in which the verification shall be made by way of OTP which shall be sent to client's registered mobile number and email id.

'In-person' verification (IPV) of clients at the time of Reactivation:-

As per Exchange guidelines, it is mandatory for every investor to go through the in-person verification (IPV) process while reactivating their accounts. Therefore, clients may please note that any further trading shall be allowed only after 'In-person' verification is completed.

Procedure to inactivate the client account:-

- i. A list of inactive clients is extracted from the Back Office software where no transactions have been carried out for a period of more than one year by the client.
- ii. The list is shared with the DP department to check whether there exist any holdings of such clients.
- iii. The list is then shared to the Accounts department to ensure whether there exists any ledger balance of such clients.
- iv. The list is then shared to the KYC department to ensure to change the status of the client from active to inactive and to upload the same to the exchange.
- v. The list is then shared to the RMS department to block the inactive clients on the trading terminals.
- vi. In the case of clients' credit balance, KYC and accounts department jointly will try to contact the client to check the accuracy of his/her bank account details and only after ensuring the accuracy, the payment will be released. In case the client is not traceable the payment will be kept as unclaimed balance after deducting the AMC for the current period and also retaining the Advance AMC for the next period also.
- vii. The inactive client list is submitted to the concerned department after confirmation with the management. The management will approve a final list of inactive clients
- viii. The concerned department shall mark the client status as "inactive" or "dormant" in various front office software of CTCL and IML and back office accounting and DP software.
- ix. In case, inactive client desire to trade, the client need to provide all relevant documents as per above given procedure, for up-dation of KYC details, failing which, the account will not be activated.

Return of Clients assets:-

In case we are unable to settle the client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, following steps shall be taken.

- i. We will set aside the funds and securities of these clients in a separate Client Bank/Client collateral Demat account immediately.
- ii. Audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / BO ID wise securities transferred to/from such demat account (as the case may be) shall also be maintained.
- iii. We will submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis after the mechanism and the format of the same will be made available by the Exchange to members.

Frequency for checking of inactive client's account status:-

It has been decided by management that status of client's accounts shall be checked on monthly basis.

Review Policy:-

- This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change on account of business needs and Risk Management policy.
- The policy may be reviewed by the Compliance/Director and place the changes in policy before the Board at the meeting first held after such changes are introduced.

Note:-

- Contents of this policy shall be applicable to all the clients of VNS Finance & Capital services limited & VNS Broking Private Limited.
- This is modified as per latest circular issued by NSE having ref no.: NSE/INSP/43488 dated 10th February, 2020, BSE 20200210-47 dated 10th February, 2020 MCX Circular no.: MCX/INSP/087/2020 dated 11th February, 2020 regarding Inactive Trading accounts.