



STOCKHOLDING SERVICES LIMITED

(A WHOLLY OWNED SUBSIDIARY OF STOCKHOLDING CORPORATION OF INDIA
LIMITED)

**POLICY REGARDING TREATMENT OF INACTIVE/DORMANT TRADING
ACCOUNTS**

(Version 02/2025)

Policy regarding treatment of Inactive/ Dormant Trading Accounts of StockHolding Services Limited

1. Preamble:

SEBI vide circular no. MIRSD/SE/Cir-19/2009 dated December 3, 2009 and BSE vide circular no 20200210-47 dated 10-Feb-2020, BSE 20201201-27 dated 01-Dec-2020, BSE vide circular no .BSE 20210928-53 dated 28-Sep-2021 and National Stock Exchange (NSE) vide circular no. NSE/INSP/13606 dated December 3, 2009, vide circular no. NSE/INSP/14048 dated 03-Feb-2010, NSE vide circular no. NSE/INSP/43488 dated 10-Feb-2020, NSE vide circular no NSE/INSP/46506 dated 01-Dec-2020, NSE vide circular no. NSE/INSP/49743 dated 27-Sep-2021 , NSE vide circular no. NSE/INSP/64718 dated 25-Oct-2024 provides that stock broker shall frame the policy regarding treatment of inactive accounts which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same.

The objective of this policy of StockHolding Services Limited (here after referred as “SSL”) is to appropriately deal with the Inactive/Dormant Trading Accounts, where clients have not traded for more than 24 (Twenty-four) continuous months across the Exchanges.

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.

2. Definition of Inactive Trading Account:

In case of trading account, the term inactive account refers to such account wherein any of below mentioned activities has not been carried out by client since last 24 (Twenty-Four) months:

- a. Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/segments* of the exchanges through the same Member or
*Cash/Equity Derivative/ Currency Derivative/ Commodities Derivative/EGR

/Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/ stock exchanges from time to time.

- b. Transaction in nature of applying/subscribing IPOs (where the IPO bid is successful & not cancelled)/SGBs/Mutual Funds (lumpsum investment or investments through successful SIP instalment payments) on the Mutual Fund platform of the stock exchanges through the same Member or
- c. Modification/ updation of e-mail Id/Mobile Number/Address in KYC record of client through the same Member and the same has been uploaded to KRA to ensure Validated/Registered status.

3. Flagging of Clients as Inactive and Upload of correct status of the client code in UCC database of the Exchanges:

The accounts identified based on the above criteria shall be flagged as “Inactive” by SSL in UCC database of all relevant Exchanges. Any further trading by such client will be allowed only after undertaking reactivating steps as mentioned in point no. 4 of the Policy. Additionally, correct status of the Unique Client Code (UCC) in the UCC database of the Exchanges shall be maintained. SSL shall also intimate the clients prior to flagging their trading account as inactive.

4. Reactivation of the Client:

Client who is flagged as inactive seeks reactivation of trading account, SSL shall take following steps while reactivation of the said client:

- a. Mandatory compliance with In-Person Verification/Video In-Person Verification (IPV/VIPV) requirement specified in the SEBI Master Circular on KYC dated October 12, 2023.
- b. Seek confirmation from the client if there is any change in clients’ basic details such as Address, Mobile number, Email ID, Bank/DP account, income, etc. as registered with the SSL. In case of changes in any of the said details, SSL shall seek the updated details along with the necessary documents and update in its records as well in the UCC records of the respective Exchanges. In case of KRA

Validated status or Registered status through same intermediary cases, SSL may fetch the details along with the necessary documents from the KRA record and display the said details for confirmation of the client and updation in its record. If there is change, then SSL shall update the UCC records of Exchanges as well as KRA. If client has confirmed that there is no change, SSL shall maintain the verifiable logs of the same.

- c. Notwithstanding anything contained above, in case a client seeks re-activation then SSL shall verify client status as per KRA and if the client status as per KRA is not validated (i.e. "On hold"/"Rejected"/"Registered" through other intermediary, etc.) then the SSL shall seek basic details like Address, Mobile number, Email ID, Bank/DP account, income, etc. along with the necessary documents as required by KRA and upload the same to KRA to ensure validated/registered status as per KRA before permitting client to trade on the Exchanges.

Account inactivation on account of non- compliances as per Rules, Bye laws, Circulars and Guidelines issued by SEBI & Exchanges:

If account is inactivated due to non-compliance as per Rules, Bye-laws, Circulars and Guidelines issued by SEBI & Exchanges, then such accounts shall be reactivated by SSL only when the concerned authority issues necessary notification of activation of such accounts.

Once an inactive trading account is re-activated as per the procedure prescribed in point no. 4 mentioned above, the computation of next 24 months for the purpose of identifying client as inactive in the subsequent period shall be considered from the date of last reactivation of trading account.

In case of existing clients who are inactive as per earlier guidelines, but are active as per revised guidelines, they shall be considered as active client for trading. However, while reactivating such clients' accounts, SSL shall ensure to update the status of such clients as active in UCC database of Exchange.

5. Return of Clients Assets:

SSL is required to 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.

In case SSL is unable to settle the client accounts due to non-availability of client's account details and non-traceability of client, SSL is required to make all efforts to trace the clients to settle client account and maintain an audit trail for such efforts made for tracing such clients and settling their account. In case of receipt of any claims from such clients, SSL is required to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only. SSL shall ensure to keep such unsettled funds up streamed to Clearing Corporations.

6. Reporting of Client Funds & Securities:

SSL is not required to upload the details of such inactive clients having NIL balances in daily submission of Holding Statement to the Exchange as prescribed in NSE Circular NSE/INSP/55380 dated January 25, 2023 and daily submission of Segregation and Monitoring of Collateral at Client level to Clearing Members/Clearing Corporations.

However, details of the clients having funds or securities balances shall be reported (daily submission of Segregation and Monitoring of Collateral at Client level file reporting to Clearing Corporations in case of funds and daily submission of Holding Statement to the Exchange in case of securities) even if their UCC has been flagged as 'Inactive'.

SSL shall ensure adequate due diligence of the client on an ongoing basis (including, but not limited to, doing Re-KYC) in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.

7. Disclosures:

The Policy is displayed on the website of the SSL www.stockholdingservices.com.

8. Review of Policy:

This policy shall be reviewed as & when there are any changes introduced by any statutory authority or as & when it is found necessary to change on account of business needs and Risk Management policy. All such changes/ modifications will be placed before the Board for its approval.

9. Limitation:

In the event of any conflict between the provisions of this Policy and of the provisions laid down by SEBI, exchanges, regulatory authorities or of any other legal requirement dealing with Policy regarding treatment of Inactive/ Dormant Trading Accounts (“**Applicable Law**”), and /or for the matters not provided for in the Policy, the provisions of the Applicable Law shall prevail accordingly.

10. Amendment in Law:

Any subsequent amendment/ modification by the SEBI, exchanges and/or applicable laws in this regard shall automatically apply to this Policy.
