



**Tipsons Stock Brokers Pvt. Ltd.**

**Policy for Treatment of Inactive Account**

## **Policy regarding the treatment of Inactive/Dormant Client Accounts**

(As per SEBI Circular no. MIRSD/SE/Cir-19/2009 dated December 3, 2009, and Circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24, 2020)

Revised policy approved by the Board of Directors in its board meetings held on February 24, 2023

The National Stock Exchange of India Limited (NSE) has issued circulars no. NSE/INSP/13606 dated Dec 03, 2009, NSE/INSP/14048 dated Feb 03, 2010, NSE/INSP/43488 dated February 10, 2020, and NSE/INSP/46506 dated December 01, 2020, which provide guidelines and directions to members regarding the treatment of inactive accounts.

Definition of Inactive Trading Accounts:

An inactive trading account is defined as an account in which no transaction has been carried out for a period of more than 12 months in any registered segment. However, if the client has traded in any segment of Equity, Derivatives, Currency, and Commodity, or has undertaken transactions through **Tipsons Stock Brokers Pvt. Ltd. (TSBPL)** related to IPO/Mutual Fund subscription and DP operations during this period, the account will be considered active and will not be deactivated.

Transaction in Inactive Trading Accounts:

Inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by **Tipsons Stock Brokers Pvt. Ltd. (TSBPL)** in the UCC database of all respective Exchanges and back office/front office. Transactions will be allowed only after reactivating the account as per the process laid down by the regulator.

Process of Reactivation of Account: If the client becomes inactive, the account shall be frozen, and the client will not be permitted to execute fresh transactions unless the client provides either of the following:

1. If the client requests reactivation within a year of being marked inactive:
  - An email request to reactivate the account and process the transaction. Such email request shall be sent only from the email ID registered with **Tipsons Stock Brokers Pvt. Ltd. (TSBPL)**.

- A written request to reactivate the account and process the transaction signed by the client and submitted to **Tipsons Stock Brokers Pvt. Ltd. (TSBPL)**.
  - The client can also use an online utility developed by the company, where verification will be done through an OTP sent to the client's registered mobile number and email ID.
2. If the client requests reactivation after a year of being marked inactive:
- A written request for reactivation along with fresh KYC documents. In addition, In-person Verification (IPV) will be compulsory. The process can also be completed through an online utility developed by the company, where verification and document submission can be done online.

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

Fresh documentation and IPV will be conducted when a client requests reactivation after a period of 1 year of being flagged as inactive. However, if the client has undertaken transactions through the Member related to IPO/Mutual Fund subscription and DP operations during this period, the requirement for fresh documentation, due diligence, and IPV may not be necessary.

Furthermore, as stipulated in the SEBI circular dated April 24, 2020, bearing reference number SEBI/HO/MIRSD/DOP/CIR/P/2020/73, the requirement for undertaking an IPV shall not be required under the following conditions:

- When the KYC of the investor is completed using the Aadhaar authentication/verification of UIDAI.
- When the KYC form has been submitted online, and the documents have been provided through Digi locker or any other source that can be verified online.

Clients are advised that any further trading shall be allowed only after completing the 'In-person' verification as per the criteria mentioned above.

Return of Client's Assets:

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

1. The funds and securities of these clients shall be set aside in a separate Client Bank/Client collateral Demat account immediately.

2. An 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.

#### Review Policy:

- This policy shall be reviewed whenever there are changes introduced by any statutory authority or when it is found necessary to change due to business needs and Risk Management policy.
- The policy shall be reviewed by the Compliance/Director and any changes shall be presented before the Board at the first meeting held after such changes are introduced.

#### Note:

- The contents of this policy are applicable to all clients of **Tipsons Stock Brokers Pvt. Ltd. (TSBPL)**
- This policy is modified as per the latest circulars issued by NSE with reference numbers: NSE/INSP/43488 dated 10th February 2020 and NSE/INSP/46506 dated December 01, 2020, BSE 20200210-47 dated 10th February 2020, MCX Circular no.: MCX/INSP/087/2020 dated 11th February 2020 regarding Inactive Trading accounts.