

MARKET PULSE SECURITIES PVT. LTD.

POLICY REGARDING TREATMENT OF DORMANT/ INACTIVE ACCOUNTS

Version	1.0
Prepared by	Compliance team of MPSPL
Approved by	Board of Directors of MPSPL

Table of Contents

Background	3
Objective of Policy	3
Scope of Policy	3
Flagging an account as an “Inactive/Dormant accounts”	3
Identification & Suspension	3
Process for reactivation of Inactive / dormant account	4
Transaction in Inactive / Dormant Accounts	4
Charges in case of Inactive / Dormant Account	5
Return of Clients Assets	5
Review of Policy	5

Market Pulse

Background

SEBI vide circular no. MIRSD/SE/Cir-19-2009 dated December 3, 2009 have instructed stock brokers to frame a policy for treatment of inactive / dormant accounts covering aspects of time period, return of client assets and procedure for reactivation of the same and display the same on their website.

Objective of Policy

The objective of this policy is to appropriately deal with the Inactive/dormant Accounts at Market Pulse Securities Private Limited (MPSPL). The term “inactive account” refers to such accounts wherein no trades have been carried out since the last 12 (Twelve) months across all Exchanges. Such accounts will be flagged as Inactive at backoffice level as well as at exchanges level. Once the account gets deactivated the client will not be able to place any trade in their registered segment / Exchange. Reactivation of such accounts would be subject to necessary due diligence and required documents

Scope of Policy

The policy is applicable to Trading Accounts of MPSPL. The scope of this policy is to formulate clear guidelines for identification, suspension and reactivation of client code which have been categorized as Inactive / Dormant based on guidelines prescribed by SEBI and respective exchanges.

Flagging an account as an “Inactive/Dormant accounts”

Under any of the below circumstances the client accounts (UCC) shall be flagged as “Inactive”, relevant changes shall be made in the trading and back-office systems of MPSPL and trading under such clients UCC shall be restricted:

- a. On receipt of a written request from the registered email id of the Client to mark their trading account as Inactive.
- b. In case no trades have been carried out since the last 12 (Twelve) months across all Exchanges.
- c. In case of any regulatory order against the client, restraining the client from dealing in the securities market issued by Exchanges and SEBI.
- d. Other instances such as receipt of any instructions from statutory, regulatory or judicial authorities.

Identification & Suspension

The process of identifying the “Inactive / Dormant” account based on the above mentioned criteria shall be run on a weekly basis post the EOD activities for the day. All accounts identified as “Inactive/Dormant” shall be flagged as “Inactive/Dormant” in the trading system and back office system of MPSPL. Intimation in the form of Email or communication through any other electronic mode shall be sent to the concerned client informing the reasons for which account has been marked Inactive.

Process for reactivation of Inactive / dormant account

Any client whose account has been marked 'Inactive' in accordance with this policy shall be allowed further trading only after sufficient due diligence and obtaining updated KYC information of the concerned client.

In case client wants to reactivate the account, client would be required to:

1. Provide a written request to that effect or
2. Write an Email from the registered email address to that effect or
3. Call our Customer Care from their Registered Mobile Number identifying themselves (through validation questions) and request for activation of the account.
4. Such a request can also be made through any other mode as and when offered by MPSPL.

In case of any change in the KYC information (such as address, mobile no. email id, bank/demat account, proof of identity, proof of address, etc.) provided during the time of registration by the client, the same has to be submitted along with the above mentioned reactivation request. Further, MPSPL shall ensure that above mentioned basic KYC records of the client are updated in system as well as in UCC records of the Exchanges and also in the records of CKYC and KRA.

In case of receipt of reactivation request from the client after a period of 1 year of being flagged as inactive then the client shall follow the above mentioned reactivation process and MPSPL shall undertake fresh documentation, due diligence and IPV of such clients.

However, IPV of such clients shall not be required where the KYC of the client is completed using the Aadhaar authentication / verification of UIDAI or when the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

Transaction in Inactive / Dormant Accounts

The inactive / dormant accounts identified based on criteria mentioned in clause 4 shall be flagged as "Inactive/Dormant" in the MPSPL's record and UCC database of all the respective Exchanges. The client's account would be reactivated only after undertaking proper due diligence process and fulfilment of such conditions as may be deemed fit, in the cases where the account has been frozen/deactivated. The client's request through letter/registered email ID may be impressed upon to reactivate the account or carry out any fresh transactions in inactive/dormant accounts.

- a. For reasons mentioned in clause 4b, no further trading shall be allowed, unless a due diligence has been carried out by MPSPL including all KYC documents are obtained and verified and an In-Person Verification (IPV) will be undertaken for all concerned clients.
- b. For reasons mentioned in clause 4c, no further trading shall be allowed, unless the restriction has been lifted and process as specified in clause 6 has been followed including a request in writing from the client, providing the details of regulatory order and compliance by the client.
- c. For reasons mentioned in clause 4d, no further trading shall be allowed, unless an approval is granted by Risk Management Division / Compliance Department and the process as specified in clause 6 has been followed, (in case where the period is more than twelve months).

Once the account is reactivated, relevant changes shall be made in the UCC database of the respective Exchanges, before transacting in the "reactivated" accounts.

Charges in case of Inactive / Dormant Account

In case of transaction in Inactive / Dormant accounts, all arrears of charges shall be charged to such clients.

Return of Clients Assets

Once the account has been flagged as "Inactive/Dormant", the account shall be settled as per the preference of the client and in accordance with the regulatory requirements. In case of an interim request received from the client for release of funds/securities, the funds and/or securities will be transferred to his account after due verification of the client as per the procedure.

In case MPSPL is unable to settle the client accounts due to non-availability of clients bank account details and non-traceability of client, it shall make all efforts to trace the clients to settle their funds.

However, in case where MPSPL is unable to trace such clients in spite of all efforts taken, MPSPL shall:

- a. Set aside the funds of these clients in a separate Client Bank account, namely 'Unclaimed account' immediately.
- b. In case of receipt of any claims from such clients, MPSPL shall settle the account immediately upon carrying out proper due diligence.
- c. Audit trail of UCC wise client funds transferred to/from such bank accounts shall be maintained.

In case the clients' account has been marked as "Inactive" for the reasons mentioned under point no. 4c & d, the existing open positions of the clients shall be closed-out/squared off by the Company upon the identification of such clients on best effort basis.

Review of Policy

This policy may 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.