

**Policy on**

**Dormant / Inactive Accounts**

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# Title

Policy on Dormant / Inactive Accounts (“Policy”)

# Objective

This Policy Document intends to lay down the process for making the client account dormant and reactivation of client account in order to prevent client accounts from unauthorized trading and thus mitigate client complaints.

# Regulatory Background

* 1. SEBI Circular no. MIRSD/ SE /Cir-19/2009 dated December 3, 2009 Dealings between a client and a stock broker
  2. NSE Circular No. NSE/INSP/2009/85 dated December 03, 2009 Dealings between a client and a stock broker
  3. NSE Circular No. NSE/INSP/43488 dated February 10, 2020 Treatment of Inactive Trading account
  4. NSE Circular No. NSE/INSP/46506 dated December 01, 2020 Treatment of Inactive Trading account
  5. NSE Circular NSE/INSP/51770 dated March 25, 2022 Unauthorised Market Practices by Trading Members
  6. NSE Circular NSE/INSP/ 49743 dated September 27,2021 Treatment of Inactive Trading account
  7. BSE Circular 20220325-58 dated March 25,2022 Unauthorised Market Practices by Trading Members
  8. BSE Circular 20210928-53 dated September 28,2021 Treatment of Inactive Trading account
  9. BSE Circular 20201201-27 dated December 01, 2020 Treatment of Inactive trading accounts
  10. BSE Notice No. 20091204-7 dated December 04, 2009 Dealings between a client and a stock broker
  11. BSE Notice No. 20200210-47 dated 10 Feb 2020 & FAQ issued in this regard
  12. MSEI Circular MCX-SX/INSP/238/2009 dated December 04, 2009 Dealings between a client and a stock broker
  13. MSEI Circular MSE/INSP/8653/2020 dated February 10, 2020 Treatment of Inactive Trading account

# Applicability

This Policy shall apply to Murarilal Saraf Wealth Management Limited (formerly Edelweiss Securities Limited) (hereinafter referred to as “Murarilal Saraf”)

# Implementation

## Definition of Inactive Trading Account

Client shall be treated as inactive clients if the client has not done any of the below mention activity in last 12 months in any segment or exchange through Murarilal Saraf:

* Trades executed on stock exchange
* Fund Pay –in by the Client.
* Passive/ un executed orders.

Such trading account of client will be termed as Dormant/Inactive trading account.

The said is not applicable to trading accounts of Institutional Investors or Non- Institutional Investors who settled their trades through custodians.

## Process of Client Deactivation

The Dormant accounts identified based on the above criteria shall be flagged as ‘Inactive’ by the Murarilal Saraf in back office and UCC database of all the respective Exchanges.

## Periodicity

The process of identifying of inactive accounts will be done on periodical basis.

## Client settlement in case of Dormant/inactive account

In case of clients who have credit balance and who are flagged as Dormant / Inactive, the funds/ securities of such clients will be duly flushed out / paid out

during monthly/quarterly payout of funds and securities as per exchange guidelines.

In case Murarilal Saraf is unable to settle the client accounts due to non-availability of client’s bank account and demat account details and non-traceability of client, Murarilal Saraf will make all efforts to trace the clients to settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.

Further in cases where Murarilal Saraf is unable to trace such clients in spite of all efforts taken, then the following steps and procedure will be carried out:

1. Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of these clients in such account.
2. Maintain audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / Beneficiary (BO) ID wise securities transferred to/from such demat account (as the case may be).
3. Submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis as per the format provided by the Exchange.
4. In case of receipt of any claims from such clients, Murarilal Saraf will settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only after due diligence and verification.

Those clients who are untraceable and the funds / securities are kept in a separate account, such details and their balances shall be reported to the Exchanges even if their UCC has been flagged as ‘Inactive’.

## Client Reactivation

To reactivate the client trading account, the following mandatory checks / confirmations shall be carried out through a verifiable and retrievable mode**:**

## Request from Client

Client needs to make an application for reactivation through registered email id or registered telephone number or in writing or in any other electronic mode post 2 factor authentication.

## Client Screening

The client requesting reactivation request would be screened in relation to anti money laundering reviews, shell companies lists and other precautionary checks through Trackwizz system and any other systems in place.

## Due Diligence/ documents

* + - 1. Where a client is coming for reactivation after a period of 1 (one) year of being flagged as inactive (i.e. after 2 years from their last trading date), Murarilal Saraf shall undertake fresh documentation, sufficient due diligence including in person verification (IPV).

However, in case a client has undertaken any transaction through the Murarilal Saraf, with respect to IPO/Mutual Fund subscription and DP operations (if the Member is DP) during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

Requirement for undertaking an IPV shall not be required where the KYC of the investor 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

* + - 1. Where a client is coming for reactivation before a period of 1 year of being flagged as inactive, Murarilal Saraf shall :
         1. Obtain basic details of such client like Address, Mobile number, Email ID, Bank/DP account and same are updated in its records as well in the UCC records of the Exchange.
         2. In case of any changes, necessary documents shall be collected.
         3. In case there is no change in the information, client may give declaration to this effect in prescribed format.

## Updation of Status

The dormant accounts identified based on the above criteria shall be flagged as ‘Active’ by the Murarilal Saraf in back office and UCC database of all the respective Exchanges.

## 5.6. Inducement for Trade

Murarilal Saraf will not undertake any activity including sending oral or written business communications to client to trade in order to prevent accounts from being flagged inactive.

# Responsibility

The Head-Operations of Murarilal Saraf” shall be responsible for the implementation and supervision of this Policy.

This Policy shall be reviewed as and when there are any regulatory changes are introduced or as and when it is found necessary to change the Policy due to business needs. However Policy shall be reviewed at least annually. The Board of the Murarilal Saraf will be approving authority for the Policy.

# Violation

If anyone is found in violation of this Policy, he/she will be liable for appropriate action by appropriate authority.

# Policy Review

This Policy shall be reviewed as and when there are any regulatory changes are introduced or as and when it is found necessary to change the Policy due to business needs. However Policy shall be reviewed at least annually. The Board of the respective Murarilal Saraf Group entity will be approving authority for the Policy.

# Deviation to Framework

Major deviations to the Policy shall be approved by the Board. All other deviations shall be approved by respective entities CEO/Designated Director and Compliance officer of respective Murarilal Saraf.

# Power to Remove Difficulties

In order to remove any difficulties in the application or interpretation of this Policy, the Compliance Officer of Murarilal Saraf shall have the power to issue clarifications.

# Effective Date

This Policy supersedes the earlier policy on the subject matter. This Policy shall be effective from July 14, 2023

# Date: July 14, 2023