



AMBIT CAPITAL PRIVATE LIMITED

POLICY REGARDING TREATMENT OF DORMANT/INACTIVE CLIENTS

Document Version: 5

Date of Version: March 17, 2023

Document Control

Item	Description
Document Title	Policy Regarding Treatment of Dormant/Inactive Clients
Document Owner	Compliance and Legal
Document Classification	Regulatory

Document Revision Record (Change History - Created / Modified)

Version	Document History	Date	Description of Change / Remarks
4.0	Reviewed & Approved	March 18, 2020	
5.0	Proposed	March 17, 2023	<ol style="list-style-type: none"> 1. Document date and Date of Version added in this Policy 2. Document Revision Record – Added 3. Document Approval / Revision History - Added 4. Created Table of Content (Index page added). 5. Section wise policy is divided 6. Section II Background is delated from the new Policy and heading is modified. 7. Newly added Section III - Treatment of Inactive Trading Accounts. 8. Section IV and its content, Heading Modified 9. Three section deleted from the previous policy i.e. Process for reactivation of inactive (Dormant) Account, In Person Verification Process, and Debit Transaction in Dormant/Inactive demat account. 10. Newly Added - Section V - Reporting of client funds and securities 11. Newly Added - Section VI – Review of Policy 12. Newly Added:- Section VII -Regulatory circulars reference for framing the policy

Document Approval / Revision History

Version	Name	Review/Approval	Date
1.0	Board	Reviewed & Approved	August 6, 2013

2.0	Board	Reviewed & Approved	December 12, 2017
3.0	Board	Reviewed & Approved	July 12, 2018
4.0	Board	Reviewed & Approved	March 18, 2020
5.0	Board	Reviewed & Approved	March 17, 2023

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Section I - Purpose:

This policy defines the treatment of Dormant/Inactive accounts of the clients maintained with Ambit Capital Private Limited (ACPL).

Section II - Definition of Inactive Trading Accounts:

In case of trading account the term dormant/Inactive account refers to such trading account where no transaction have been carried out in the client's trading account for a period of last 12 months from the date of last transaction across all exchanges.

In case of Demat account the term Dormant/Inactive accounts refers to such accounts where no debit transaction had taken place for a continuous period of 6(six) months.

Section III - Treatment of Inactive Trading Accounts

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by ACPL in UCC database of all the respective Exchanges. The requirement for flagging the client as inactive in the UCC database of the Exchanges and the exemption for reporting (weekly submission of securities holding and monthly upload of client funds and securities balances) shall continue to be applicable if no trades are carried out by the client in the last 12 (Twelve) months across all Exchanges.

Any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client.

The concerned Team of ACPL shall be required to undertake the fresh documentation, due diligence and In-Person Verification (IPV) where a client is coming for reactivation after a period of 1 year of being flagged as inactive.

Exceptions:

1. Requirements of fresh documentation, due diligence, and IPV shall not be required in below cases:

- I. In case a client has undertaken transaction through ACPL, with respect to IPO/Mutual Fund subscription and DP operations (ACPL being the DP of CDSL) during this period.

2. In the below mentioned conditions, the requirement for undertaking an IPV shall not be required.

- I. Where the KYC of the client is completed using the Aadhaar authentication / verification of UIDAI.
- II. When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

In case a client seeks re-activation before a period of 1 year of being flagged as inactive, ACPL concerned team shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

ACPL concerned team shall also ensure that appropriate due diligence of the client is conducted on an ongoing basis in compliance with the provisions of the PLMA guidelines issued from time to time and in accordance with their respective KYC policies.

Section IV - Transaction in Inactive (Dormant) Accounts:

The Demat account wherein no debit transaction had taken place for a continuous period of 6 (six) months shall be flagged as Dormant/Inactive account. Additional due diligence would be observed over and above the normal verification procedure while processing off market debit transactions in such account. The transaction shall also be verified with the Beneficial owner in case of high value debits and the details of the process, date, time, etc., of the verification on the instruction slip shall be recorded under the signature of a DP official.

Section IV - Return of Clients Assets:

All client accounts shall be settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

In case of non-settlement of the client accounts due to non-availability of client's bank account and/or demat account details and/or non-traceability of client, efforts shall be made to trace such client(s) to settle their funds and securities.

An audit trail shall be maintained for such efforts made for tracing such clients and settling funds and securities of such clients.

In case of inability to trace such clients even after taking all possible efforts, following steps shall be taken:

- i. Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of such clients in such account.
- ii. Maintain audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / Beneficial Owner (BO) ID wise securities transferred to/from such demat account (as the case may be).
- iii. Submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis. The mechanism and the format of the same shall be shared as directed / guided by the Exchanges.
- iv. In case of receipt of any claims from such clients, accounts of such clients shall be immediately settled and payment/delivery shall be made to the respective clients only.

Section V - Reporting of client funds and securities:

Details of clients having funds and securities balances shall be reported to the Exchanges even if their UCC has been flagged as "Inactive"

Section VI – Review of Policy:

The policy will be reviewed within the stipulated timeline as mandated by the Regulators from time to time.

Section VII -Regulatory circulars reference for framing the policy

SEBI circular MIRSD/SE/Cir-19/2009, dated December 3, 2009, NSE Circular NSE/INSP/13606, dated, December 03, 2009, NSE/INSP/14048 dated Feb 03, 2010 NSE/INSP/43488 dated February 10, 2020 and NSE/INSP/46506 dated December 1, 2020. BSE 20091204-7, dated December 04, 2009, 20100203-30 dated February 03, 2010; BSE Notice no. 20200210-47 dated February 10, 2020 and 20201201-27 dated December 1, 2020