

Rudra Shares and Stock Brokers Limited

~~Treatment of Inactive Trading Account~~

Objective:

The objective of the policy is to appropriately deal with the Inactive Trading Account, where clients have not traded for more than 24 continuous months.

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.

Background:

As per the requirements of the NSE Circular No. NSE/INSP64718 dated Oct 25, 2024 / NSE/INSP/43488 dated Feb 10, 2020 / and NSE/INSP/46506 dated December 01, 2020 and BSE Notice no. 20200210-47 dated Feb 10, 2020 trading accounts of clients who have been inactive should be marked as inactive trading accounts in Exchange UCC database. As per subsequent NSE Circular No. NSE/INSP/49743 dated Sep 27, 2021 and BSE Notice No. 20210928-53 dated Sep 28, 2021 & BSE Notice No. 20241025-25 dated Oct 25, 2024.

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:

- 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/
Derivative/EGR /Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time.
- 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 installment payments) on the Mutual Fund platform of the stock exchange through the same Member or

- 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.

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' in Back office and UCC database of all the respective Exchanges.

Procedure for Re-activation of the Trading Account:

In case the client who is flagged as inactive seeks re-activation of the trading account, RUDRA, while reactivating the said client, shall:

- Mandatorily comply with In-Person Verification/Video In-Person Verification (IPV/VIPV) requirement specified in the SEBI Master Circular on KYC dated October 12, 2023.
- 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 Member. In case of changes in any of the said details, the Member 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, the RUDRA 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 member shall update the UCC records of Exchanges as well as KRA. If client has confirmed that there is no change, the Member shall maintain the verifiable logs of the same.
- Notwithstanding anything contained above, in case a client seeks re-activation then member 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 member 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.

Once an inactive trading account is re-activated as per the procedure prescribed 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.

RUDRA shall send the communication/notification to the clients prior to flagging them as inactive. Communication should not ask the clients to reactivate their accounts in order to prevent their accounts from being flagged as inactive.

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

The RUDRA shall not be 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'.

Notwithstanding anything contained above, RUDRA shall also 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.

Return of Clients assets:

All client accounts shall be settled on daily, monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time. In case RUDRA is unable to settle the client accounts due to non-availability of client's account details and non- traceability of client, Members are advised 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, members are advised to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only. Member shall ensure to keep such unsettled funds upstreamed to Clearing Corporations.

Inactive/dormant accounts due to other reasons:

a) Temporarily suspending or closing a client's account at the client's request:

RUDRA may carry out periodic review of the client accounts and may suspend the

accounts from trading (i.e. prohibiting any market transactions, only allowing client ledger balance settlement to take place) under ANY of the following circumstances:

- Where the Client has not cleared his dues after repeated reminders.
- Where Physical statements or contract notes, etc. are received back undelivered and the client is not responding to update the correct address.
- Where the client is reported or known to have expired.
- Where client lodges a complaint either directly with RUDRA or through the Exchange relating to alleged unauthorized trades being executed in his account.
- Where the account is under investigation by any regulatory body.
- As per direction of the Exchanges, SEBI or any other regulatory body.
- On written request received from the client and the same can be activated on the written request of the client only.

The Client account can be closed on the written request of the client provided the client account be settled. If the client wants to reopen the account then the client has to again complete the KYC requirement.

b) De-registering a client:

Notwithstanding anything to the contrary stated in the agreement, RUDRA shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- If the action of the client are prima facie illegal/improper or such to manipulate the price of any Securities/ Commodities or disturb the normal/proper functioning of the market, either alone or in conjunction with others.
- On the death/lunacy or other disability of the Client.
- If the client being a partnership firm/any other organization, has any steps taken by the Client and/or its partners for dissolution or liquidation.
- If the Client suffers any adverse material change in his/her/its financial position or defaults in ANY other agreement with the Securities/commodities Broker.
- If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Securities/ commodities.
- If the Client is in breach of any term, condition or covenant of this Agreement.
- Any suspicious information found by RUDRA in sites like CIBIL, world check, etc or if there is any commencement of a legal process against the client under any law in force.
- If the client forms a part of the list of debarred entities published by SEBI and/or any action is taken by Exchange/SEBI on the client.
 - All the accounts nominated as inactive / dormant needs to be monitored

carefully in order to avoid unauthorized transactions in the account.

- If the client wants to make the account active after 24 continuous months or there after needs to provide the required documents towards supporting the financial status or the client needs to submit a request to reactivate his/her account.
- In case there is any change in the information such as; address, mobile number, email id, bank/demat account, financial disclosure provided in KYC at the time of registration as client, the same has to be submitted along with the request.
- After proper verification of the updated / revised details and approval from the compliance officer / or concerned department in-charge of registration of clients, the account can be made active and transaction can take place.

Important:

NSE Circular No. NSE/INSP64718 dated Oct 25, 2024 became effective from Oct 26, 2024 and hence effective Oct 26, 2024 onwards any client who has not traded for the past 24 months should be identified and marked as inactive in the respective Exchanges' UCC database.

Marking of an earlier flagged inactive account as active in UCC database will only be done post confirmation from team.

If the KYC is refreshed within the 12-month period while the account is inactive, then the account will be treated as active as per the policy and no further action is required.

No communication seeking clients to trade in order to prevent accounts from being flagged inactive should be sent.

Record Maintenance:

RUDRA maintain the record of Inactive / Dormant Account and shall be verified by Compliance Officer of the Company.

Review Policy:

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change because of business needs and Risk Management policy but at least once in a year.