

Policy on Dormant/ Inactive Accounts

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Policy On Inactive Accounts/Dormant Accounts

Introduction:

Exchanges vide circular NSE/INSP/64718 dated October 25, 2024 have issued latest circular among the various Circulars issued from time to time in order to provide guidelines regarding treatment of inactive accounts and ensure uniformity. In order to address the status of clients as dormant/inactive; GEPL Capital Private Limited (“GEPL”) has formulated this policy in accordance with regulatory guidelines and framework under this backdrop. This policy addresses the risk posed by inactive clients, establishes a definition of dormant accounts, and provides procedures to manage them effectively in line with regulatory requirements. The Board of Directors vide Board resolution, discussed and decided the policy on the accounts to be treated as Inactive and/or Dormant.

Definition of Inactive Trading accounts

An account is deemed dormant if no activity has occurred in the last 24 months. Activities include:

- a. **Trading or Participation in any of the segment of the Exchanges:** This includes activities across segments such as Cash/Equity Derivatives, Currency Derivatives, Commodities derivatives, EGR, Debt, Online Bond Platforms and any segments authorised by SEBI/ Exchanges in future.
- b. **Applications in IPOs, SGBs, Mutual Funds:** Participating in IPOs (where bids are successful), SGBs, or Mutual Funds through the Exchanges’ mutual fund platform through us.
- c. **Updates in KYC Details:** Modification/ updation of Email ID/Mobile Number/Address (“KYC Details”) in KYC record of client through us and the same has been uploaded to KRA to ensure “Registered”/ “Validated” status.

Flagging of Clients as Inactive and Upload of correct status of the client code in UCC database of the Exchanges

The accounts identified based on the above criteria shall be flagged as “Inactive” by us in UCC database of all relevant Exchanges. Additionally, correct status of the Unique Client Code (UCC) in the UCC database of the Exchanges shall be maintained. We shall also intimate the clients prior to flagging their trading account as inactive.

Reactivation of the client:

Client who is flagged as inactive seeks reactivation of trading account, we shall take following steps while reactivation of the said client:

1. In-Person Verification ("IPV")/ Video In-Person Verification ("VIPV"):

Mandatory compliance with IPV/VIPV requirements for all inactive clients, as specified in SEBI Master Circular SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023, on KYC.

2. Confirmation of KYC Details and/or Non-KYC Details:

Confirm with the client if there are any changes/ updates to KYC related Details such as Address, Mobile number and Email ID etc. ("KYC Details") and/ or Bank account details, DP account details or income range ("Non-KYC Details") as registered with the us. In case no changes in any of the client's KYC Details and Non-KYC Details, we shall reactivate the account post compliance with prescribed KRA Requirements.

3. Non-KYC changes only:

In case change in any of the client's Non-KYC Details and no change in KYC Details, we shall seek the updated Non-KYC Details along with the necessary supporting documents and update the said details in our records as well as UCC records of the respective Exchanges. Upon updation, we shall reactivate the account subject to compliance with prescribed KRA Requirements.

4. KYC changes:

In case of change in KYC Details as registered with the us, we shall obtain the updated details along with the necessary supporting documents and upload the same with KRA to ensure "Registered"/ "Validated" status as per KRA before permitting client to trade on the Exchanges.

Once the client's KYC status is updated to "Registered" or "Validated," our back-office records, along with the UCC records of the respective Exchanges, will be updated accordingly. After these updates, we will reactivate the account.

5. Registered/ Validated KYC:

In the event there is no modification in the KYC details and KRA status is Registered/ Validated with KRA through us, we shall fetch the details from KRA and present them for the client's confirmation. If there is change then will shall adhere to the procedure outlined in point (d) above. Upon the client's affirmation that no changes exist in the KYC details, we shall proceed with the reactivation of the account.

6. KYC Status as per KRA "On hold", "Rejected" or "Registered through other intermediary":

Notwithstanding anything contained above, in case a client seeks re-activation, we shall verify client status as per KRA and if the client's KYC status as per KRA is not validated (i. e. "On hold" or "Rejected" or "Registered through other intermediary", etc.) then we shall seek KYC and

Non-KYC details along with the necessary supporting documents and upload the same to KRA to ensure registered/ validated status before permitting client to trade on the Exchanges.

7. Return of Clients assets:

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

8. Settlement/ return of funds & securities of inactive clients which are non- traceable and/ or non-availability of proper client bank/ demat account details:

In cases, where it is not possible to settle the clients' bank accounts/ demat accounts due to non-availability of bank account details/ demat account details and non- traceability of client, proper audit trail for efforts taken to trace the clients and to settle their funds & securities should be maintained.

- a. **Settlement of funds of inactive clients:** For settlement of funds of inactive clients following:
 - i. In view of the latest Upstreaming requirements, we are required to upstream unclaimed client funds (funds of the clients which are non- traceable and/ or non-availability of proper client bank account details) to Clearing Corporation.
 - ii. In case of receipt of any claims from such clients, we shall settle the accounts immediately and ensure that the payment is made to the respective clients only.
- b. **Settlement of securities of inactive clients:** In such cases, where it is not possible to return client securities due to non-availability of client's demat account details and/ or non-traceability of client, proper audit trail for efforts taken to trace the clients and to return their securities should be maintained.

9. Reporting of client Funds & Securities:

Requirement of upload of the details of such inactive clients having NIL balances is done away 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 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'.

For **GEPL Capital Pvt. Ltd.**

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