

# Policy on Inactive Trading Account & Recovery of Pending Dues



The Policy is framed in terms of circulars issued by NSE & BSE on 10th February, 2020 & 1st December 2020

This document outlines the policy & minimum procedures for classification and re-activation of inactive accounts for non-institutional clients. This does not apply to institutional clients.

## Definition of Inactive Trading Accounts:

In case of trading account, the term “inactive account” refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges.

If a client does not trade at least once in any one of the segments / exchanges the client has signed up for a period of 12 months, such client accounts shall be categorized as inactive accounts. Such accounts will be flagged as “Inactive” in the back office as well as in exchange’s UCC database.

Once the account is deactivated, the client will not be able to place any orders in any segments.

## 1. Reactivation of Inactive Accounts

### A. Category-1: Activation without IPV (Within 12 months after being flagged as Inactive)

#### a. Email submission

Client whose account was inactivated and coming for reactivation within a period of one year after being flagged as inactive then the client needs to simply send a reactivation request through his registered email on [info@fmipl.in](mailto:info@fmipl.in) or call on +91 8169982308 & email the KYC supporting e-documents.

#### b. Physical submission

The client has to submit a duly signed re-activation form along with self-attested supporting’s.

Illustration: If a client’s account was made inactive on 1<sup>st</sup> January 2020 and if he is coming for reactivation on 25<sup>th</sup> October 2020 or any date before 31<sup>st</sup> December 2020 he has to follow the aforesaid procedure.

**B. Category-2: Activation with IPV (More than 12 months after being flagged as inactive)**

Client whose account was inactivated and coming for reactivation after completion of one year after being flagged as inactive (**more than 24 months in effect**) then the client will need to submit:

**a. If there is no change in KYC details**

1. Fresh documentation (self-attested address proof and self-attested pan card along with reactivation form) – send request to [info@fmipl.in](mailto:info@fmipl.in) for reactivation form or call on +918169982308
2. IPV will need to be done by the employee of FMIPL

**b. If there is a change in KYC Details**

1. The client has to submit a duly signed modification form along with self-attested supporting and submit reactivation form
2. IPV will need to be done by the employee of FMIPL

**Illustration:** Suppose a client's account was made inactive on 1<sup>st</sup> January 2020 and coming for reactivation on or after 2<sup>nd</sup> January 2021 then he need to follow the aforesaid process.

Provided in case a client has undertaken transaction through FMIPL, with respect to IPO/Mutual Fund subscription and DP operations during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

**2. Transactions in Inactive Account**

Any trades in the inactive account are subject to penalty from the exchanges therefore the concerned client or employee involved in such transactions will be appropriately penalized.

**3. Exchange Compliance**

The correct status of the client code should be uploaded in the UCC database of the Exchanges prior to the execution of the trades.

**4. Return of Clients assets**

All the assets of the inactive client should be settled monthly / quarterly basis as per client's preference in the manner prescribed from time to time. The unsettled securities or fund due to non-traceability of client/s shall be transferred to Client Bank/ Upstreamed to Clearing Corporation. Keep audit trail of follow up with clients.

**5. Exemption for reporting to clients**

The member need not report weekly submission of securities holding and monthly upload of client funds and securities balances for inactive clients.

## **6. Closure of Inactive accounts**

Account Closure may be initiated when the Company receives a specific request from the client to close his trading & demat account and undertakes to clear all outstanding dues.

Alternatively the company may initiate involuntary closure by giving a notice of 30 days to the clients and proceed to recover outstanding dues, if any, from the clients / their respective APs towards settlement of any outstanding obligations.

## **7. Recovery of Dues**

### **a. Inactive & Untraceable Clients**

In case the Inactive Client is untraceable and there is a credit balance in trading or demat charges account, the same shall be transferred to the Untraceable Bank Account or Upstream to the Clearing Corporations until such time the client is traced.

### **b. Inactive & Traceable Clients**

In case the Inactive Client is traceable and is directly associated with the Company & has outstanding dues payable i.e. trading debits or demat charges debits the same shall be recovered from the client accounts by authorised modes of communications i.e. emails & phone calls.

### **c. Inactive Clients mapped to Authorized Persons**

In case the Inactive Client is traceable/untraceable and is indirectly associated with the Company, i.e. through Sub-Broker /Authorized Persons & has outstanding dues payable i.e. trading debits or demat charges debits the same shall be recovered from the client accounts by authorized modes of communications i.e. emails & phone calls made by the Authorized persons under whom the Clients are mapped. If the Authorized person fails to recover the client dues after stipulated time given, the outstanding dues shall be adjusted in the Remiser account of the Authorized Persons only.

In case there is any future recovery, the reversal effects shall be duly given in the Remiser accounts.