Policyregardingtreatmentof Inactive/DormantAccount

Objective:

The objective of the policy is to appropriately deal with the Inactive/dormant clients, where clients have not traded for more than 6 continuous months.

The policy is also applicable for accounts which have been marked inactive on account ofRules, Bye laws, circulars and guidelines issued by Sebi, Exchanges and Internal Risk Management Policies.

Background:

SEBI vide circular no. dated December 3, 2009 and National Stock Exchange vide circular no. NSE/INSP/13606 dated December 3, 2009 and NSE/INSP/14048 dated February 3, 2010 directed that a policy be framed by stock brokers to deal with the inactive/dormant accounts.

Policy:

ProceduretohandleInactive/dormantaccounts:

a) TemporarilySuspendingorClosingaClient'saccountattheclientsrequest:

SFSL 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 shares/ledger balance settlement to take place) under *any* of the following circumstances:

- Wherethe Clientisinactiveforthe sixcontinuousmonths.

- WheretheClienthasnotclearedhisduesafterrepeatedreminders

- WherePhysicalstatementsorcontractnotes,etc.arereceivedbackundeliveredandthe client is not responding to update the correct address.

- Wherethe clientisreported orknown tohaveexpired.

- Where client lodges a complaint either directly with SFSL or through the Exchange relating to alleged unauthorized trades being executed in his account.

- Wherethe accountinunderinvestigation byanyregulatorybody.

- Asperdirectionof theExchanges,SEBIoranyotherregulatorybody.

- Onwrittenrequestreceivedfromtheclientandthesamecanbeactivatedonthewritten request of the client only.

The Clientaccountcan be closed on the written requestof the clientprovided the client account is settled. If the client wants to reopen the account, then the client has to again complete theKYC requirement.

b) Deregisteringa client:

Notwithstanding anything to the contrary stated in the agreement, SFSL 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 or disturb the normal/proper functioning of the market, either alone or in conjunction with others.

- Onthedeath/lunacyorotherdisabilityof theClient.

- If the client being a partnership firm/any other organization, has any steps taken by theClient and/or its partners for dissolution or liquidation.

- IftheClientsuffersanyadverse materialchange inhis/her/itsfinancialposition ordefaultsin *any*otheragreementwiththeStockBroker.

- If the Client has made any material misrepresentation of facts, including (without limitation)in relation to the Security.

- Ifthe Clientisinbreachof anyterm,conditionorcovenantofthisAgreement.

- Any suspicious information found by SFSL 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.

- Ifthe client forms a part ofthe list ofdebarred entities published by SEBI and/or any action is taken by NSE/BSE/SEBI on the client.

Client account will be considered as inactive if the client does not trade for a period of six continuous months.

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 6 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 thereisanychange in the informationsuch as;address,mobilenumber,email id, bank/demat account,financialdisclosure provided in KYCat the timeof registration as client, the same has to be submitted along with the request. After proper verification of the updated / revised details and approvalfrom the compliance officer/ or concerned department in-charge of registration of clients, the account can be made active and transaction can take place.

Process for reactivation of Inactive / dormant account which are inactive for 11 continuous months:

The Clientcanfollowanyofthebelowprocesses:

1. Clientcan give the requestin writingatanyof thebranch/main officesof trading member along with documents such as Address Proof – such as Aadhar Card, Electricity Bill, PassportCopy.IdentityProofsuchasAadharCard,PassportCopy,PanCardand

financialInformationrequiredfortradinginderivativesegment.TheClientmayalso courier/ postthe same for activation of account **or**

2. Clientcanalsosendanemailfromregisteredmailidforreactivationrequest.

Process for reactivation of Inactive / dormant account which are inactive on account of Risk Management Policies / Non Compliance as per Rules, Bye laws, Circulars and Guidelines issued by Sebi, Exchanges:

Client can give the request in writing at any of the branch/main offices of trading member along with thefinancialInformation requiredfortrading.The Client mayalso courier/ post the samefor activation of account.

On verification of the same and following the AML policy towards existing client the compliance officer / authorized officer can authorize the activation of such Inactive accounts subject to Rules, Bye laws, circulars and guidelines issued by Sebi, Exchanges and Internal Risk Management Policies.

ConsequencesofInactiveAccount

Onaclientbeingdeclaredinactive, theclient'sfundsanddemataccount shallbesettled.

Settlementof clientaccountneedstobedone astheperiodicity (monthly/quarterly)optedby theclient andhis/herassets (funds, securitiesorany othercollateral)be returned to him/herand statement needs to be sentto client.Proof of sending the statements of settlementof accounts hasto be maintained.Settlement of clientaccount needsto be doneat least once in a calendar quarter.In case of interim request received from the client for release of funds/securities, the fundsand/orsecuritieswillbe transferred tohisaccount afterdue verificationof the client asper the procedure mentioned above.

If client has provided running account authorization the funds/securities shall be transferred to client's bank/demat account as a part of daily settlement.

ControlsafteractivationofInactiveAccounts:

1. Tradesin suchInactiveaccountsbe confirmed with respective clientsbyapersonfrom Head Office who has note punched / received such orders.
2. Alertgeneration&monitoringatHeadOffice incase oftradeinanyInactiveaccount which is made Active.

ReviewPolicy:

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 on account of business needs andRisk Management policy.