

TREATMENT OF INACTIVE CLIENT TRADING ACCOUNTS

KIFS Trade Capital Private Limited

1. PURPOSE

This Policy and SOP lay down the framework for identification, treatment, monitoring, reactivation, reporting, and settlement of **Inactive Client Trading Accounts**, in compliance with directions issued by the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and SEBI.

2. REGULATORY REFERENCES

This Policy is framed pursuant to and in compliance with the following NSE Circulars:

- **NSE Circular Ref. No.** - NSE/INSP/43488 dated February 10, 2020, NSE/INSP/46506 dated December 01, 2020, NSE/INSP/49743 dated September 27, 2021, and NSE/INSP/64718 dated October 25, 2024.
- **BSE Circular Ref. No** - 20200210-47 dated February 10, 2020, 20201201-27 dated December 01, 2020, 20210928-53 dated September 27, 2021, and 20241025-25 dated October 25, 2024.

3. SCOPE

This Policy applies to:

- All clients of KIFS Trade Capital Private Limited across all segments and exchanges
- All departments including Operations, Compliance, KYC, Risk Management, IT, and Customer Support

4. DEFINITION OF INACTIVE TRADING ACCOUNT

A Trading Account shall be classified as Inactive if none of the following activities have occurred during the last 24 (Twenty-Four) months through KIFS Trade Capital Private Limited:

- Trading or participation in any exchange/segment (Equity, Derivatives, Currency, Commodity, Debt, etc.)
- Participation in OFS, Buyback, Open Offer
- Successful subscription to IPOs, Mutual Funds, SGBs (including SIP instalments)
- Modification or updation of KYC details (Address, Mobile No., Email ID) uploaded to KRA

5. POLICY STATEMENT

KIFS Trade Capital Private Limited shall:

- Identify and flag inactive trading accounts in a timely manner
- Prevent unauthorized trading in inactive accounts
- Ensure enhanced due diligence at the time of reactivation
- Safeguard client funds and securities
- Maintain full audit trail and regulatory reporting
- Comply with PMLA, SEBI KYC Master Circular, and NSE directions

6. IDENTIFICATION & FLAGGING OF INACTIVE ACCOUNTS

1. System-generated reports shall identify clients meeting inactivity criteria.
2. Such accounts shall be flagged as “Inactive” in the UCC database of all relevant Exchanges.
3. No trades shall be permitted in an inactive account unless reactivated as per SOP.
4. Communication may be sent to clients prior to flagging; however, clients shall NOT be asked to trade to avoid inactivity.

7. RESTRICTIONS ON INACTIVE ACCOUNTS

- Trading shall be disabled
- Only non-financial KYC updation requests shall be allowed
- Payouts of existing credit balances shall continue as per client preference

8. SOP FOR REACTIVATION OF INACTIVE ACCOUNTS

8.1 Client Request

Reactivation shall be initiated only upon written/electronic request from the client.

8.2 Mandatory Due Diligence & Verification

Upon reactivation request, KIFS shall:

1. Conduct IPV / Video IPV (VIPV) as per SEBI KYC Master Circular
2. Confirm basic client details, including:
 - Address

- Mobile Number
 - Email ID
 - Bank Account
 - Demat Account
 - Income details
3. If changes are identified:
 - Obtain supporting documents
 - Update internal records, UCC, and KRA
 4. If KRA status is not “Validated”:
 - Obtain fresh documents
 - Upload details to KRA
 - Ensure validated/registered status prior to allowing trading
 5. Maintain verifiable logs where the client confirms “no change” in details

8.3 Post Reactivation

- Account status shall be updated to “Active” in UCC
- The next 24-month inactivity period shall be computed from the date of reactivation

9. SETTLEMENT & RETURN OF CLIENT ASSETS

1. Client funds and securities shall be settled on monthly or quarterly basis as per client preference.
2. In case of non-traceable clients:
 - Reasonable efforts shall be made to contact the client
 - Audit trail of efforts shall be maintained
3. Unsettled funds shall be upstreamed to Clearing Corporations
4. Upon receipt of any client claim, settlement shall be done only to the respective client

10. REPORTING REQUIREMENTS

- Inactive clients with NIL balances are exempt from certain daily/weekly reporting.
- Clients having funds or securities balances shall continue to be reported as per applicable Exchange requirements.

11. AML & PMLA COMPLIANCE

Ongoing monitoring, re-KYC, and enhanced due diligence shall be conducted in accordance with:

- PMLA
- SEBI KYC Master Circular
- Internal AML Policy of KIFS Trade Capital Private Limited

12. ROLES & RESPONSIBILITIES

Function	Responsibility
Operations	Identification, UCC flagging, settlement
Compliance	Regulatory interpretation, audit readiness
KYC Team	IPV/VIPV, KRA updation
IT	System controls and reporting
Risk	Monitoring unusual reactivation patterns

13. REVIEW & AMENDMENT

This Policy shall be:

- Reviewed annually
- Updated immediately upon any regulatory change
- Approved by the Board/Designated Authority