

**Policy on Inactive/Dormant Client Accounts**

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1. Objective

The objective of this policy is to define the criteria and procedures for identifying, monitoring, and reactivating Inactive or Dormant Client Accounts, while ensuring compliance with SEBI and Exchange regulations.

2. Background

This policy is prepared in accordance with the following regulatory circulars:

- SEBI circular dated December 3, 2009
- NSE circular no. NSE/INSP/13606 dated December 3, 2009
- NSE Circular no. INSP/64718 dated October 25, 2024 – Revised guidelines on treatment of Inactive Trading Accounts issued by NSE after consultation with SEBI and the Brokers' Industry Standards Forum.

3. Definition of Inactive Client

A trading account is deemed Inactive if none of the following activities have been carried out through the same member across any exchange or segment for 24 consecutive months:

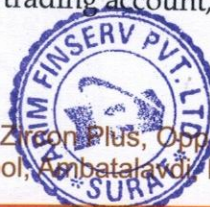
- Trading activity (Cash, F&O, Currency, Commodity, EGR, Bonds, etc.)
- Participation in OFS, Buy-back, Open Offer
- Transaction in IPOs, Sovereign Gold Bonds (SGBs), or Mutual Funds (including successful SIP)
- Updation/modification of KYC records (email ID, mobile number, address) and successful upload to KRA

4. Flagging of Inactive Accounts

Accounts meeting the above criteria shall be flagged as 'Inactive' in the UCC database of all exchanges. Clients will be intimated once their accounts are marked as dormant. However, members must not encourage clients to trade merely to prevent inactivity classification. Any non-compliance in this regard will attract regulatory action.

5. Reactivation Process

When a client requests reactivation of their inactive trading account, the following procedures must be followed:



- A. In-Person Verification (IPV/VIPV)
 - Mandatory IPV or Video IPV as per SEBI KYC Master Circular dated October 12, 2023.
- B. Verification of Client Details
 - Members must obtain confirmation from the client regarding any change in:
 - Address
 - Mobile Number
 - Email ID
 - Bank/DP details
 - Income details
 - If changes exist, updated documents must be collected and records updated internally, in UCC and in KRA.
- C. Clients with Unvalidated KRA Status
 - If KRA status is 'On Hold', 'Rejected' or 'Registered through other intermediary', members must collect and upload fresh documents to ensure validation before allowing trading.
- D. Recordkeeping
 - Maintain verifiable logs of confirmations, updates, and client interactions.

6. Post-Reactivation Monitoring

After reactivation, the 24-month inactivity period resets from the date of last activation. All trades in reactivated accounts shall be monitored and subject to alerts.

7. Exclusion from Reporting for NIL Balances

Inactive clients with zero balances need not be included in:

- Daily Holding Statements to Exchange
 - Daily Collateral Reporting to Clearing Members
- Clients with balances must continue to be reported.

8. Return of Client Assets

Monthly/Quarterly settlement must be done as per client preference. If clients are untraceable, members must document all efforts to reach out. Upon any future claims, payments must be made directly to clients, and unsettled funds must be up streamed to Clearing Corporations.

9. Review & Approval

This policy shall be approved by the Board and reviewed periodically based on regulatory or business needs.

10. Policy Communication

The policy shall be made available to all relevant internal departments and displayed on the company's website.

PARIM FINSERV PVT. LTD.

[Signature]
DIRECTOR

