

TREATMENT OF INACTIVE/ DORMANT CLIENT ACCOUNTS POLICY

Table of Contents

Sl. No.	Contents	Page Reference
1	Background	3
2	Objective	3
3	Scope	3
i.	Reactivation of inactive accounts	4
ii.	Treatment of client funds clients who are untraceable	4
iii.	Closure of Inactive accounts	4
4	Policy	3
5	Reporting and monitoring	4
6	Review of Policy	4

1. Background

As per guidelines prescribed by SEBI vide circular no. Dated December 3, 2009, and stock exchanges vide circular no. NSE/INSP/46506 dated December 1, 2020, NSE/INSP/43488 dated February 10, 2020, NSE/INSP/64718 dated October 25, 2024, Notice no. 20241025-25 dated October 25, 2025, MCX/INSP/716/2024 dated October 28, 2024 & NCDEX/COMPLIANCE-082/2024 dated October 28, 2024, give directives to deal with the inactive/dormant accounts.

2. Objective

The objective of the policy is to appropriately deal with the Inactive/dormant clients, where any of below mentioned activities has not been carried out by client for more than 24 (twenty-four) continuous months across BSE and NSE:

- Trading or participation in OFS/buy-back/Open Offer across any of the exchanges/segments* of the exchanges through the same Member or *Cash/Equity Derivative/ Currency Derivative/ Commodities Derivative/EGR /Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time.
- Transaction in nature of applying/subscribing IPOs (where the IPO bid is successful & not cancelled)/SGBs/ Mutual Funds (lumpsum investment or investments through successful SIP instalment payments) on the Mutual Fund platform of the stock exchanges through the same Member or
- Modification/updation of e-mail Id/Mobile Number/Address in KYC record of client through the same Member and the same has been uploaded to KRA to ensure Validated/Registered status.

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

3. Scope

In case of trading account, the term inactive account refers to such account wherein the abovementioned trades have not been carried out since last 24 (twenty-four) months across BSE and NSE.

If a client does not carry out the abovementioned trades at least once in any one of the segments/exchanges the client has signed up for since a period of 24 (twenty-four) months across Exchanges, 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 trade segments.

4. Policy

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by Axis Securities Limited (hereinafter referred as ASL) in UCC database of all the respective Exchanges and Back Office simultaneously.

All accounts marked as 'INACTIVE/DORMANT' will be periodically monitored by the KYC/Operations team to prevent unauthorized transactions in the ledger accounts. Furthermore, the systemic controls and Risk containment measures are in place so that no trade-related activity occurs in such accounts. Regulators may initiate disciplinary action if any trades are executed in accounts flagged as 'Inactive.' Clients will be notified prior to their accounts being flagged as inactive. ASL will initiate prior intimation through email as per the information registered in our database.

Once the code is deactivated with Dormant flag, trading code is removed from Trading terminal i.e. client cannot trade, unless client start reactivation process.

In cases where a client initiates re-KYC, the mandatory six attributes will be captured. Once the client confirms these six attributes, the system will push the data to the respective Exchanges to activate the UCC. However, if the client is not KRA-compliant, the Exchange does not permit the client to trade. In such scenarios, clients are notified about their KRA non-compliance status and are provided with a KRA validation link to complete the process. The actual settlement of funds will be carried out in accordance with the norms and guidelines issued by the Exchanges/SEBI from time to time.

The client's account would be reactivated only after undertaking proper due diligence process and fulfillment of such conditions as may be deemed fit, in the cases where the account has been freeze/deactivated. Fresh documentation, due diligence and IPV is to be carried out where the client is coming for reactivation after a period of 24 Months of after being flagged as inactive.

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

ASL will exercise appropriate due diligence of the client on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with respective KYC policies.

Further there won't be any requirement of IPV by ASL, if,

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI.
- When the KYC form has been submitted online, documents have been provided through Digi locker or any other approved / acceptable source which could be verified online.

Reactivation of Existing inactive accounts

- Call the customer care center/main office/branch office/authorized person from a registered telephone number (recorded line) identifying himself and request for activation of account for placing orders/ transacting in the account.
- Request through Axis Securities Limited Mobile App (Android)/Letter/Registered email Id/ recorded telephone lines may be impressed upon to reactivate the account or carry out fresh transactions in a dormant/inactive account.
- While reactivating the client, ASL will check and ensure that the basic details of such client like six mandatory KYC attributes (Name, Pan, Address, E mail, Mobile, Income) and other details like Bank, DP account status, DOB, KRA, PAN-Adhaar Linking status, UCC linkage status & Family Declaration, PAN/Name mismatch cross verification with UCC/BO/DP are updated/rectified in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.
- KYC department under Operations may undertake additional due diligence if so required.
- Once the reactivation is approved the client UCC will be marked as active on UCC portal across the Exchanges, it will be reactivated on back office and trading interfaces.

Deactivation of Account

Pursuant to SEBI circular number SEBI/HO/EFD1/EFD1_DRA4/P/CIR/2022/104 dated July 29, 2022, inadequacy in the completion of KYC, in accordance with all applicable laws, shall lead to automatic deactivation of all trading and demat accounts i.e. ASL shall implement a restraint/freeze on debit and credit (except for corporate actions) of all trading and demat accounts of the entity based on the entity's Permanent Account Number (PAN).

Closure of Inactive accounts

Account Closure may be initiated when ASL receives a specific request from the client to close his/her trading account and undertakes to clear all outstanding dues. Alternatively, ASL may initiate involuntary closure by giving a notice of 30 days to the client and proceed to recover outstanding dues, if any from the client towards settlement of any outstanding obligations.

5. Reporting and monitoring

Make efforts to trace clients for any unresolved accounts. Unsettled funds lying in the client account are to be upstreamed to Clearing Corporations as per the standard process.

6. Review of Policy

The policy shall be reviewed for its effectiveness on an Annual basis and make amendments as required in case of change in regulatory and/or internal requirements.