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## **HANDLING DORMANT ACCOUNTS:**

**Background:** SEBI vide circular no. dated December 3, 2009 and National Stock Exchange vide circular no. NSE/INSP/13606 dated December 3, 2009 directed that a policy be framed by individual brokers to deal with the inactive/dormant accounts. Accordingly, the policy on inactive accounts were framed and placed in our website [www.canmoney.in](http://www.canmoney.in). As per the guidelines, the same is already defined in our Rights and Obligations, being obtained at the time of opening the accounts. However, the same was not explicitly mentioned in the Risk Management Policy. In order to make it more exhaustive, the definition, transaction, activation and other conditions are bringing as a part of RM Policy.

### **Definition of Dormant/ Inactive Accounts:**

A dormant/inactive account (demat/trading) is the one that hasn't had any buy or sell transaction, since last 12 (Twelve) months across all Exchanges, depending on the broker's policy. Dividend receipts or corporate actions in the account do not classify as a transaction. The main purpose of reclassifying the accounts as dormant is to reduce the risk of fraud in account. By reclassifying the accounts as active, involves risk and hence it is required to carry out due diligence before allowing any fresh transaction through them. To reactivate dormant account, a written request for reactivation will be obtained by registered mail/written.

**Policy:** 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

In case of *Demat account* the term Dormant/Inactive accounts refers to such accounts where no customer induced (debit /credit) transaction had taken for a continuous period of 12 (Twelve) months.

**Transaction in Dormant/Inactive Trading accounts:** The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' in UCC database of all the respective Exchanges. Any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client. Such IPV shall be carried out by the Company either physical mode/video call/any other mode permitted by exchange/s.

The above stated policy may undergo change/ depending on various rules, regulations and bye laws as may be prescribed by SEBI, exchanges or any other authority or as per internal policy of CBSL from time to time.

### **Process for re-activation of dormant account:**

The clients account would be reactivated only after undertaking proper due diligence process and fulfilment of such conditions as may be deemed fit, in the cases where the account has been freeze/deactivated/Locked.

Client can get his account reactivated by following any of the below mentioned process after



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**due authentication:**

a. Call our customer service executive from registered telephone number (recorded line) identifying himself through internal validation questions (Bank account no. /date of birth/Demat Details/Pan Card No.) and request for activation and reset the password/TPIN of account for placing orders/ transacting in the account.

b. An email from registered email id for reactivation and reset the password/TPIN of account request.

c. Submit physical letter of request for reactivation at any of our designated Facilitation Centre along with the documents such as Address proof, Identity Proof, and financial information (required for trading in derivatives segment).

**Customer Induced (Debit/Credit) Transaction in Dormant Demat Accounts:** The Demat accounts wherein no customer induced (debit/credit) transaction had taken place for a continuous period of 12 (Twelve) months shall be flagged as Dormant/Inactive accounts. Additional due diligence would be observed over and above the normal verification procedure while processing off market debit transactions in such accounts.

The transaction shall also be verified with the Beneficial owner in case of high value debits and the details of the process, date, time, etc., of the verification on the instruction slip shall be recorded under the signature of a senior official.

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**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

**Transaction in Inactive Trading accounts:** The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' in UCC database of all the respective Exchanges. Any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client. Such IPV shall be carried out by the Company either physical mode/video call/any other mode permitted by exchange/s.

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