

POLICIES REGARDING TREATMENT OF INACTIVE TRADING ACCOUNT

Objective:

The objective of the policy is to appropriately deal with the Inactive/dormant clients, where clients have not traded for more than 24 continuous months.

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.

Background

National Stock Exchange vide Circular No. NSE/INSP/13606 dated Dec 03, 2009 and NSE/INSP/14048 dated Feb 03, 2010 directed that a policy be framed by Stock Brokers to deal with inactive trading account. In addition to above various circular issued by National Stock Exchange vide Circular 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 with respect to guidelines on Treatment of Inactive Trading Account.

Definition of Inactive Trading Accounts: In case of trading account, the term inactive account refers to such account wherein any of below mentioned activities **has not been carried out by client since last 24 (Twenty-Four) months:**

- 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.

Consequence of becoming Dormant/Inactive

The account categorised as "inactive" will be flagged as inactive in the UCC database of the Exchanges.

POLICY AND REACTIVATION OF INACTIVE CLIENT:

In case the client who is flagged as inactive seeks re-activation of the trading account, CNB Finwiz, while reactivating the said client, shall:

- Undertaking due diligence (**including IPV**) and obtaining the updated information related to KYC from the concerned Clients.
- In case if there is any change in clients' basic details such as Address, Mobile number, Email ID, Bank/DP account, income, etc. as registered with us. The Client should provide the updated details along with the necessary documents and CNB updated the same in their records as well in the UCC records of the respective Exchanges.
- In case of KRA Validated status or Registered status through us, then CNB may fetch the details along with the necessary documents from the KRA record and display the said details for confirmation of the client and updation in their record. If there is change, then CNB shall update the UCC records of Exchanges as well as KRA. If client has confirmed that there is no change, the CNB shall maintain the verifiable logs of the same.
- In case a client seeks re-activation then CNB shall verify client status as per KRA and if the client status as per KRA is not validated (i.e. "On hold"/"Rejected"/"Registered" through other intermediary, etc.) then the CNB shall seek basic details like Address, Mobile number, Email ID, Bank/DP account, income, etc. along with the necessary documents as required by KRA and upload the same to KRA to ensure validated/registered status as per KRA before permitting client to trade on the Exchanges.
- Once an inactive trading account is re-activated, the computation of next 24 months for the purpose of identifying client as inactive in the subsequent period shall be considered from the date of last reactivation of trading account.

INTIMATION TO CLIENT FOR INACTIVE OF TRADING ACCOUNT

CNB may send the communication/notification to the client 30 days prior to flagging their trading account as inactive however such communication/notification should not ask the clients to trade in order to prevent their accounts from being flagged as inactive.

RETURN OF CLIENT ASSETS:

On a Client being declared as INACTIVE/ DORMANT; settlement of their funds and securities is done in accordance with their preferred settlement frequency (Monthly/ Quarterly).

In case a CNB is unable to settle the client accounts due to non-availability of client's account details and non-traceability of client, CNB make all efforts to trace the clients to settle client account and maintain an audit trail for such efforts made for tracing such clients and settling their account.



CNB FINWIZ
EMPOWERING ALGO TRADING

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In case of receipt of any claims from such clients, CNB shall settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only. CNB shall ensure to keep such unsettled funds upstreamed to Clearing Corporations.

IMPLEMENTATION AND REVIEW OF POLICY:

This policy shall come into effect from the date of approval of the Board of Directors of the company for its implementation and that the same shall be reviewed as and when there are any changes introduced by any Regulatory Authority or as and when it is found necessary to change on account of Business needs and Risk Management Policy.

For CNB Finwiz Private Limited

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Paras Sharma
Compliance Officer

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Date: 26.11.2024

Place: Delhi