
FARSIGHT SECURITIES LTD.
H.O.: 17A/55, WEA, TRIVENI PLAZA, GURUDWARA
ROAD, KAROL BAGH,
NEW DELHI – 110 005

Policy created by	Operational staff and Compliance Officer
Policy reviewed by : Compliance Head	Policy reviewed on : 17.04.2025
Approval authority	Chairman – Dr. Naresh Maheshwari
Policy approved on : 17.04.2025	Previous Review : 03.08.2024
Periodicity of Review periodicity : Yearly	Last reviewed on : 17.04.2025
Version number 17425	Policy on Website : Yes

Policy regarding Inactive/Dormant Account

Objective:

The objective of the policy is to appropriately deal with the Inactive/dormant clients, where clients have not traded since last 24 (Twenty Four) 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.

******(Member may have their own policy for deciding the period after which clients can be made Inactive / dormant based on their Internal Controls & Risk Management Policy).

Background:

This has reference to Exchange circulars download ref. no. NSE/INSP/43488 dated February 10, 2020, NSE/INSP/46506 dated December 01, 2020 and NSE/INSP/ 49743 dated September 27, 2021 with respect to guidelines on Treatment of Inactive Trading Account

Policy:

1. Definition of Inactive Trading Account: 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:

Procedure to handle Inactive/dormant accounts:

- 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 (lump sum investment or investments through successful SIP installment 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

2. The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by the Trading Member in UCC database of all the respective Exchanges.

3. In case the client who is flagged as inactive seeks re-activation of the trading account, the Trading Member, while reactivating the said client, shall:

- Mandatorily comply with In-Person Verification/Video In-Person Verification (IPV/VIPV) requirement specified in the SEBI Master Circular on KYC dated October 12, 2023.

- Seek confirmation from the client if there is any change in clients' basic details such as Address, Mobile number, Email ID, Bank/DP account, income, etc. as registered with the Member. In case of changes in any of the said details, the Member shall seek the updated details along with the necessary documents and update in its records as well in the UCC records of the respective Exchanges. In case of KRA Validated status or Registered status through same intermediary cases, the Trading Member 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 its record. If there is change, then member shall update the UCC records of Exchanges as well as KRA. If client has confirmed that there is no change, the Member shall maintain the verifiable logs of the same.

- Notwithstanding anything contained above, in case a client seeks re-activation then member 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 member 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.

4. Once an inactive trading account is re-activated as per the procedure prescribed in point no.3 mentioned above, 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.

5. Member may send the communication/notification to the clients 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. Any non-compliance in this regard shall be viewed seriously and strict disciplinary actions against the Trading Member may be initiated.

6. In case of existing clients who are inactive as per earlier guidelines, but are active as per revised guidelines, they may be considered as active client for trading. However, while reactivating such clients' accounts, the members shall also ensure to update the status of such clients as active in UCC database of Exchange.

7. Farsight not being upload the details of such inactive clients having NIL balances in daily submission of Holding Statement to the Exchange as prescribed in NSE Circular NSE/INSP/55380 dated January 25, 2023 and daily submission of Segregation and Monitoring of Collateral at Client level to Clearing Members/Clearing Corporations. However, details of the clients having funds or securities balances shall be reported (daily submission of Segregation and Monitoring of Collateral at Client level file reporting to Clearing Corporations in case of funds and daily submission of Holding

Statement to the Exchange in case of securities) even if their UCC has been flagged as 'Inactive'.

8. Farsight also ensure adequate due diligence of the client on an ongoing basis (including, but not limited to, doing Re-KYC) in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.

9. Return of Clients assets: Farsight ensure that all client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time. In case Farsight as member is unable to settle the client accounts due to non-availability of client's account details and no traceability of client, We 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. In case of receipt of any claims from such clients, settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only. And keep such unsettled funds upstreamed to Clearing Corporations.

Process for reactivation of Inactive / dormant account which are inactive above 12 continuous months:

The Client can follow any of the below processes:

1. Call the customer care center/main office/branch office/sub-broker or authorized person identifying himself (through validation questions/T-PIN/ other confirmation tools, if any) and request for activation of account for placing orders/ transacting in the account **or**
2. Client can give the duly signed request in writing at any of the branch/main offices of trading member or office of sub-broker or authorized person along with documents such as Address Proof – such as Aadhaar Card, Electricity Bill Passport Copy. Identity Proof such as Aadhaar Card, Passport Copy, Pan Card and financial Information required for trading in derivative segment. The Client may also courier/ post the same for activation of account **or**
3. By placing request for reactivation of account through the Internet trading portal **or**
4. Client can also send an email from registered mail id for reactivation request.

Process for reactivation of Inactive / dormant account which are inactive on account of Risk Management Policies / Non Compliance as per Rules, Bye laws, Circulars and Guidelines issued by SEBI, Exchanges:

Client can give the duly signed request in writing at any of the branch/main offices of trading member or office of sub-broker or authorized person along with the financial Information required for trading. The Client may also courier/ post the same for activation of account.

On verification of the same the compliance officer / risk department in-charge can authorize the activation of such Inactive accounts subject to Rules, Bye laws, circulars and guidelines issued by SEBI, Exchanges and Internal Risk Management Policies.

Controls after activation of Inactive Accounts:

1. Trades in such Inactive accounts be confirmed with respective clients by a person from Head Office who has note punched / received such orders.
2. Alert generation & monitoring at Head Office in case of trade in any Inactive account which is made Active.

Approval Authority:

This policy shall be approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.

Review Policy:

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change on account of business needs and Risk Management policy.

In case Corporate Members: The policy may be reviewed by the Managing Director/CEO and place the changes in policy before the Board at the meeting first held after such changes are introduced.

In case of Individuals / Partnership Members: The policy may be reviewed by the Managing Partners / Sole proprietor.

Policy communication:

A copy of this policy shall be made available to all the relevant staff/persons such as: compliance officer / department in-charge of registration of clients and sub-broker/ authorized persons.

Further, a copy of this policy has to be displayed on our Website.