



Elara Securities (India) Private Limited (ELARA or ESPL)

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Inactive / Dormant Accounts Policy

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Version Control Matrix


Name of the Document	Inactive Accounts Policy
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Version Tracking

Version	Date of creation/ update	Prepared By:	Reviewed by	Approved By:	Summary of Changes:	Board Approval on
V1	13.02.2020	Bharat M Sharda	Anand A Rao	-	Review & Update	-
V2	28-12-2021	Bharat M Sharda	Anand A Rao	BOD	Review & Update	07-01-2022
V3	16-01-2023	Bharat M Sharda / Jigar Mehta	Anand A Rao	-	Review & Update	-

Inactive Accounts Policy	
A. Background	As per extant guidelines of SEBI, all the trading members are required to have an appropriate policy framework regarding the treatment of inactive accounts which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same. This has reference to SEBI Notification no: MIRSD/SE/Cir-19/2009 dated December 03, 2009 and the exchange circulars NSE/INSP/13606 dated December 03, 2009 & NSE/INSP/43488 dated February 10, 2020 and BSE Notice no 20091204-7 dated December 04, 2009 & 20200210-47 dated February 10, 2020 and NSE/INSP/ 49743 dated September 27, 2021
B. Scope of the Policy	This policy highlights a framework for the treatment of inactive client accounts trading on the Exchange platform through Elara Securities (India) Private Limited.
C. Definition of “Inactive Accounts”	<p>Trading Account:- 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.</p> <p>Demat Account:- As per CDSL Operating Instruction 6.5.4.8, The term Inactive accounts refers to such accounts not operated for a minimum period of six months.</p>
D. Grouping of Clients for the purpose of this policy:	<p>Various clients empanelled / registered shall be categorized under following groups:</p> <p>GROUP I</p> <p><u>Institutional Clients:</u> Elara Securities (India) Private Limited provides trade execution services to institutional clients such as Foreign Portfolio Investors (FPIs) and Domestic Institutions such as Banks, Insurance Companies, Mutual Funds, Pension Funds, Alternative Investment Funds (AIFs), Portfolio Management Schemes (PMS) etc. All trades executed for institutional investors are custodian settled through the clearing house mechanism.</p> <p>GROUP II</p> <p><u>Non-Institutional Clients:</u> Elara Securities (India) Private Limited provides trade execution services to Retail and High Networth Individuals (HNI) clients and whose demat accounts are opened with Elara.</p>
E. Institutional Clients and Custodian settled Non-Institutional Investors	Trading accounts for institutional clients and custodian settled non-institutional clients will remain to be categorized as active.

<p>F. Treatment on identification of an inactive account</p>	<ul style="list-style-type: none"> • The collateral placed with Elara Securities (India) Private Limited would be withdrawn only on Client request. • Once, the Trading account is deactivated, the Client will not be able to place any order in any segment of the Exchanges. • Once, the Demat Account is frozen / deactivated, the Client will not be able to undertake any debit transaction in the demat account unless the same is verified with the account holders independently before executing the instruction.
<p>G. Reactivation of inactive client accounts (more than a year)</p>	<ul style="list-style-type: none"> • To reactivate an account which is inactive for more than a year, Elara will undertake fresh documentation and conduct due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date and then proceed to change the status of the client to 'Active' on the UCC records of the exchanges. A Client can submit a duly signed hard copy of Account Reactivation Form or may send a scanned copy through their registered e-mail ID. On receiving reactivation letter, we mark the Client Account as "ACTIVE". • In case, if there is any change in information of the Client viz. address, mobile number, E-Mail ID, Bank Account, DEMAT Account, financial disclosure provided in KYC at the time of registration, etc., we request the client to carry out all the necessary formalities as mentioned below: <ul style="list-style-type: none"> I. If Client is registered BEFORE implementation of SEBI Circular No. CIR/MIRSD/16/2011 dated: August 22, 2011 <ol style="list-style-type: none"> i. Account Reactivation Form* ii. Account Modification Form (if required) iii. Execution of a fresh KYC (if required) iv. Execution of necessary required documents as prescribed in aforesaid circular including but not limited to Risk disclosure document, Policies & Procedures, etc. II. If Client is registered AFTER implementation of SEBI Circular No. CIR/MIRSD/16/2011 dated: August 22, 2011 and if there is substantial change in KYC details: <ol style="list-style-type: none"> i. Account Reactivation Form ii. Account Modification Form (if required) iii. Execution of a fresh KYC along with other required documents (if required) iv. Execution of CKYC • On receipt of the aforesaid documents from the relationship

	<p>manager. The Account opening team will do the verification of the updated/ revised details as provided by the client and they will also check whether the relationship manager has conducted sufficient due diligence (including IPV).</p> <ul style="list-style-type: none"> • The compliance team will also do the background screening of the said clients and If no negative information is found against the said client/clients appropriate approval will be provided. The operations team will mark the client as ACTIVE in the system. • The client would be given limits based on the upfront margin provided by the client. <p>Due Diligence for Demat Account: - Additional due diligence would be observed over and above the normal verification procedure while processing any debit transactions in such accounts. The transaction shall also be verified with the BO 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 DP official. Moreover, such transactions will be checked and countersigned by another DP official (as per CDSL Operating Instruction).</p> <p>*Account Reactivation Form for Trading and Demat Account is enclosed as Annexure 1</p> <div style="text-align: center;">  <p>Request Letter For Activation of Inactive</p> </div>
<p>H. Responsibility Matrix</p>	<p>The process of monitoring inactivity period of more than 12 months will be done as follows.</p> <ul style="list-style-type: none"> • For Institutional Clients and non-institutional clients that are custodian settled, the trading account status will remain 'Active'. • For Non-Institutional Clients who are non custodian, Wealth operations team will be responsible for identifying Inactive clients. <p>The activity of identifying Inactive clients will be conducted at the beginning of every week i.e every Monday.</p>
<p>I. Return Of Client Assets</p>	<ul style="list-style-type: none"> • On a Client being declared as INACTIVE; settlement of their funds and securities would be done in accordance with the settlement frequency (Quarterly/ Monthly) chosen by them. • Whenever a client becomes INACTIVE as per the condition

	<p>stated above, assets of the client provided for margin will be returned to client as per Client’s request or upon confirmation with the client.</p> <ul style="list-style-type: none"> • If Elara Securities (India) Private Limited is unable to settle the client accounts due to non-availability of client’s bank account and demat account details and non-traceability of client, Elara will make all efforts to trace the clients to settle their funds and securities lying with them and also maintained an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.
<p>J. Non Traceability Of Client</p>	<p>Where Elara Securities (India) Private Limited is unable to trace such clients in spite of all efforts taken, the following steps will be taken:</p> <ol style="list-style-type: none"> Opening of a separate Client Bank / Client Demat account and immediately set aside the funds and securities of these clients in such account. Maintaining an audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / BO ID wise securities transferred to/from such demat account (as the case may be). Submission of UCC wise/BO ID wise and fund/securities information of such account to the Exchange on a quarterly basis*. In case of receipt of any claims from these clients, Elara will settled the accounts immediately after conducting proper due diligence to ensure that the payment/delivery is made to the respective clients only. <p>*Submission process will be shared by the Exchange in due course.</p>
<p>K. Reporting of Client Funds & Securities</p>	<ul style="list-style-type: none"> • Inactive clients having NIL balances there details are not required to be uploaded in the weekly submission of securities holding at the Exchange level. • Details of inactive clients having funds or securities balances shall be reported in the weekly submission of securities holding even if their UCC has been flagged as ‘Inactive’.
<p>L. Review</p>	<p>The Policy shall be reviewed at least on an annual basis or at earlier intervals if there are any regulatory changes necessitating such interim reviews.</p>