**Treatment of Inactive Trading Account**

**SPS Share Brokers Private Limited**

**01-10-2025**

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# Background

This has reference to Exchanges circulars reference no for BSE and NSE respectively 20200210-47 and NSE/INSP/43488 dated February 10, 2020, 20201201-27 and NSE/INSP/46506 dated December 01, 2020, 20210928-53and NSE/INSP/ 49743 dated September 27, 2021and **20241025-25 and NSE/INSP/64718 dated October 25, 2024** and representations received from Brokers’ Industry Standards Forum and after consideration of the same by SEBI, members are requested to note revised guidelines on Treatment of Inactive Trading Account as outlined under the policy on **“Treatment of Inactive Trading Account”**.

As per earlier guidelines the client’s were considered as **“Inactive’’,** if they have not done any trade for past 12 months with any exchanges in allowable segmentsand the same can be re-activated by providing simple re-activation letter.

Now, as per the above stated revised guidelines the client’swere considered as **“Inactive”**, **provided they have not carried out any of the activitiesin past 24 months as outlined in the exchanges circulars for BSE & NSE, 20241025-25 and NSE/INSP/64718 dated October 25, 2024.** The re-activation shall be based on the SEBI guidelines of fulfilling the required KRA norms by achieving the client’s account status as **“Validated”.**

## Policy on Treatment of Inactive Trading Account

1. **Purpose**

This policy outlines the procedures for managing our clients who have not engaged in any trading activities across any exchanges in the past 24 months. Our aim is to maintain accurate client records, enhance customer experience, and ensure compliance with regulatory requirements.

For the purpose of this policy, SPS Share Brokers Private Limited shall be referred as Trading member or TM.

1. **Policy Objectives**

A) We are committed to keeping our client database current and understanding our clients’

needs. This policy governs the treatment of inactive clients to encourage engagement

while safeguarding client information and ensuring compliance with applicable

regulations.

B**)** By implementing this **Treatment of Inactive Client Policy**, we aim to foster better

communication with clients, encourages engagement, and maintain regulatory

compliance.

1. **Scope**

This policy is applicable to all our clients and branches/offices and is to be read in conjunction with related operational guidelines issued from time to time.

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**.

**A)** Trading or participation in OFS/buy-back/Open Offer across any of the exchanges

segments\* of the exchanges **throughthe TM.**

\*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.

**OR**

B) 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 installment payments) on the Mutual Fund platform of the stock

exchanges **through the TM.**

**OR**

**C)** Modification/updation of e-mail Id/Mobile Number/Address in KYC record of client

**through the TM**and the same has been uploaded to KRA to ensureValidated/Registered status.

1. **Procedure for identifying and Flagging as Inactive:**

A) The Back office operation team shall on periodic basis(Currently Monthly basis) run theprocess and will arrived/ identify the list of **“Inactive”**clients, wherein any of aforesaidactivities has not been carried out by client since last 24 (Twenty-Four) months (730 days) in any segments.

B) Upon arrival / identification of aforesaid “**Inactive”**client list for past 24 months,the same will be thoroughly reviewed and checked by operations team before sending emailcommunication to our respective client’s with copy marked to **Authorized Person of the TM** for their information.

C) After being marked as **“Inactive”,**such account will be subject to either closure **OR**re-activation for continuing our engagement for use of ourservices on submission of required documents.

D) For the purpose of identifying client as inactive in the subsequent period shall beconsidered from the date of last reactivation of such trading account.

1. **Procedure for re-activation and flagging as active**

Any client who is flagged as “Inactive” can seek re-activation by following below mentioned process.

**A)**Such clienthas to 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 as per client’son boarding process. (i.e. Online and/or Offline).

**B)**Confirmation to be obtained from the client if there is any change in clients' basic details such asAddress, Mobile number, Email ID, Bank/DP account, income, etc. as registered with theTM.In case of change in any of the said details, the TM 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 TM 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 the TM 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.

**C)** In case a client seeks re-activation then the TM 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 TM 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.

**D)** Client, who has been already flagged as “Inactive“as per previous guidelines can be activated (re-activated) as per above stated revised guideline. While reactivating such clients’ accounts, the TM shall also ensure to update the status of such clients as active inUCC database of respective Exchanges. (i.e. BSE & NSE)

1. **Annual Review**

This policy will be reviewed annually to ensure it aligns with regulatory changes, industry best practices, and company objectives.