

POLICY ON TREATMENT OF INACTIVE TRADING ACCOUNTS

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FIRSTOCK BROKING PRIVATE LIMITED

"Formerly NCO SECURITIES AND SHARE BROKING PRIVATE LIMITED"

CIN No: U67120KA2007PTC044047

Registered Office Address: No: 46, 1st Floor, 36th F Cross Road, 4th T Block,
Jayanagar, Bengaluru, Karnataka 560041

Email: support@firststock.in

Tel: (+9180) 46702020 / 46702050

Website: www.firststock.in

1. OBJECTIVE

To establish a uniform and regulatory-compliant internal framework for identification, flagging, reactivation, and management of inactive trading accounts, as prescribed by NSE and SEBI.

A trading account shall be marked as *Inactive* if the client has not conducted any of the following activities for a continuous period of 24 months:

- No trading activity across any segment or exchange (Cash / Derivatives)
- No participation in OFS, Buyback, or Open Offer
- No successful subscription to IPOs, SGBs, or Mutual Funds
- No KYC modifications (email ID, mobile, address) uploaded to KRA ensuring "Registered/Validated" status

2. FLAGGING AS INACTIVE

- All such accounts shall be flagged as 'Inactive' by the Trading Member in the UCC database of all Exchanges.
- Clients will not be allowed to trade unless reactivation is completed.

3. REACTIVATION PROCESS

Reactivation Requirements when the client flagged as inactive seeks reactivation:

- Mandatory IPV/VIPV as per SEBI master circular dated Oct 12, 2023
- Seek client confirmation on any changes to Address, Mobile number, Email id, Bank account/DP ID, Income details.
- If there are changes, updated supporting documents must be collected and uploaded to KRA and UCC
- If no changes, verifiable logs of client confirmation must be maintained
- If the client's KRA status is not validated (e.g., "On Hold"/"Rejected"/Registered through other intermediary), the Member must: Collect full KYC details & Upload to KRA to obtain validated/registered status before allowing trading

4. COMMUNICATION GUIDELINES

- Advance notification: FIRSTOCK is permitted to inform clients before their account is marked as "Inactive."
- No pressure to trade: FIRSTOCK will not encourage or ask clients to place trades just to prevent their account from being marked inactive.

5. EXISTING CLIENT STATUS ALIGNMENT

Clients previously marked inactive but qualifying as active under new guidelines can resume trading once their status is updated in UCC

6. REPORTING EXEMPTIONS

Do not report inactive clients with NIL balances in:

- Daily holding statement (NSE/INSP/55380)
- Daily segregation/collateral reports to Clearing Corporations

Report required if the client holds funds/securities, even if inactive

7. RETURN OF CLIENT ASSETS

FIRSTOCK ensures that all client accounts are settled on a monthly or quarterly basis as per the client's preference.

If the client cannot be traced due to unavailable bank/demat account details:

- Open a separate Client Bank/Client Collateral Demat account and immediately move the client's funds and securities to these accounts.
- Maintain a detailed audit trail of UCC-wise and BO ID-wise transfers into and out of these accounts.
- Submit UCC-wise/BO ID-wise fund and securities information of such accounts to the Exchange on a quarterly basis.
- Upon receiving a claim from the client, ensure immediate settlement to the respective client only.
- Maintain all efforts to trace clients and a record of such attempts.
- Keep any unclaimed funds up streamed to the Clearing Corporation in accordance with applicable rules.

FIRSTOCK shall also ensure that appropriate due diligence of the client is conducted on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.

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