

## INACTIVE CLIENTS POLICY

Neo Wealth Management Private Limited. (NEO WEALTH) - For following Businesses:

- Trading cum Clearing Member of Exchanges
- Depository Participant

### Version Details

Version	1.0	1.1	1.2
Policy created by	Compliance Staff	-	-
Policy reviewed by	Compliance Head	Compliance Team	Compliance Team
Approval Authority	Board of Directors	Board of Directors	Board of Directors
Periodicity of Review	Yearly	Yearly	Yearly
Place in the Board Meeting	21-03-2023	27.03.2024	27.03.2025

This is pertaining to SEBI circular “Dealings between a client and a stock broker (trading members included)” dated December 3, 2009 and other circulars issued by SEBI from time to time. Exchanges have issued various circulars in Feb 2020 & December 2020 elaborating on guidelines to be followed for identification of dormant accounts and its reactivation.

### **Objective:**

Neo Wealth Management Private Limited (NEO WEALTH) identifies such client codes / trading accounts that are inoperative for a minimum period of preceding 24 months

Definition of Inactive 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 Neo Wealth.

\*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 Neo Wealth.

- 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

Accordingly, such trading accounts are made inactive in the trading System and the client is informed about the status of his trading account maintained with NEO WEALTH via email/letter/SMS or by way of any other mode. Such trading Accounts shall also be flagged as "inactive / dormant" in UCC database of Exchanges where such clients details are updated.

For re-activation of such trading account, the client shall be required to make a request to re-open the account and submit all necessary information / documents with regard to updation of his / their KYC requirement.

As per regulations, it is required to undertake the fresh documentation, due diligence including KRA status validations and In person verification (IPV) where a client is approaching NEO WEALTH for reactivation after a period of 2 year of being flagged as inactive

NEO WEALTH upon verifying / carrying out due diligence at its end may activate clients trading code in the Trading System.

\*The requirement of IPV is not required in following scenarios

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI.
- When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online.

(Above requirement has to be complied in accordance with prevailing SEBI guidelines on online Account Opening)

Upon reactivation, the client is informed about the status of his trading account via email/letter/SMS or by way of any other mode.

Upon re-activation the NEO WEALTH may execute the order on behalf as per instructions of clients after updating the UCC status in Exchanges.

Neo Wealth will take all efforts to settle all inactive 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, Neo Wealth will settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only. Neo Wealth shall ensure to keep such unsettled funds upstreamed to Clearing Corporations.

Above guidelines are not applicable to institution clients and Non-Institution clients who are settling their trades through custodians.

Policy Updates and Review:

The modifications / updates to the policy may also be initiated by Compliance Officer/Compliance Team from time to time based on the analysis of transactions monitored in customer accounts / operational risk & surveillance measures. The policy shall be periodical reviewed.

Issued by: Compliance Team