

Samco Inactive Trading Account Policy

SAMCO SECURITIES LIMITED

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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

1. Purpose and Scope

This policy outlines the framework for identifying, managing, and reactivating inactive or dormant trading accounts at Samco, in accordance with regulatory guidelines and internal risk protocols.

2. Definition of Dormant/Inactive Accounts

A trading account is classified as inactive or dormant if:

1. The client has not engaged in any trading activity.
2. There has been no participation in offers such as OFS or buybacks.
3. No transactions have been made such as subscribing to IPOs, Sovereign Gold Bonds, or Mutual Funds via exchange platforms.
4. The inactivity continues for approximately 24 months (725–730 days).
5. There have been no updates to KYC information (email, mobile number, address) validated and uploaded to the KRA.

Samco may proactively mark accounts as dormant slightly before this 24-month threshold to ensure compliance and reduce operational risks.

3. Risks Associated with Dormant Accounts

Dormant accounts may pose the following risks:

1. Security vulnerabilities: Outdated login credentials or lack of client monitoring can lead to unauthorized access.
2. Compliance issues: Outdated contact or KYC details can hinder regulatory communication.
3. Missed communications: Important updates regarding policies, fund transfers, or account actions may not reach the client.

Once marked as dormant, the account will be restricted from executing trades or performing any fund movements.

4. Reactivation Process

To reactivate a dormant account, the client must:

1. Undergo In-Person or Video In-Person Verification (IPV/VIPV) as per SEBI's KYC norms.
2. Reconfirm personal and financial details (address, contact info, email, bank & demat account, income).
3. Provide supporting documents if any information has changed.
Ensure updated records in the UCC database and KRA.

If the KRA status is unvalidated (e.g., "On Hold," "Rejected," or registered via another intermediary), Samco will collect necessary documents to validate the client's KRA before reactivation.

Upon successful reactivation, the 24-month inactivity count will reset, and the client will be considered active again.

5. Monitoring and Security Measures

Samco actively monitors all accounts especially dormant ones for unusual or unauthorized activity. Clients are encouraged to:

1. Log into their accounts periodically.
2. Keep contact and KYC information up to date.
3. Report any suspicious activity promptly.

Before trading is permitted after reactivation, the client code must be correctly updated in the UCC database of the respective exchange.

6. Treatment of Client Assets

Samco shall:

- Settle funds and securities on a monthly or quarterly basis based on the client's chosen preference.
- Transfer unsettled assets to the designated bank or collateral demat account if clients are untraceable.

- Maintain an audit trail of all communication and follow-up attempts for documentation.

Dormant accounts are exempt from:

- Weekly securities holding reports.
- Monthly client fund balance reports.

6A. Treatment of MTF Holdings in Dormant or Inactive Accounts

In accordance with SEBI and Exchange guidelines on account inactivity, any trading account that remains inactive for a continuous period of 725 calendar days is classified as dormant. However, in cases where a client continues to hold an open Margin Trading Facility (MTF) position during such inactivity, Samco reserves the right to safeguard its financial exposure and mitigate operational risks.

Accordingly:

- If a client's trading account becomes inactive or dormant while maintaining an open MTF position, Samco Securities Limited shall have the right to temporarily activate the account and initiate the square-off of the MTF position without any prior notice or intimation to the client.
- Samco also reserves the right to square off such positions proactively when the account is approaching the dormancy threshold, or when inactivity is reasonably expected to occur, as part of its risk mitigation framework.
- All actions taken under this clause shall be deemed valid and binding on the client, and Samco shall not be held liable for any losses or consequences arising from such liquidation.

This provision ensures compliance with regulatory expectations while protecting both the client and Samco from potential risks associated with prolonged inactivity and unsettled leveraged positions.

7. Account Closure

Account closure may occur:

- Voluntarily by the client after settling all dues.
- Involuntarily by Samco after issuing a 30-day notice. The company may then recover outstanding obligations and close the account.

Samco shall not be held liable for:

- Unauthorized transactions,
- Missed trading opportunities

Any financial impact resulting from unreactivated dormant accounts.

Clients are responsible for following the reactivation process to ensure continued access and service.

8. Confidentiality Notice

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