

# **SMIFS LIMITED**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5401 / 6634 5401

Email ID: rms@smifs.com Website: [www.smifs.com](http://www.smifs.com)

# **DORMANT & INACTIVE ACCOUNT & Re-KYC POLICY**

**Policy Approved By:**

**Shri Ashiwini Tripathi  
Managing Director**

**Shri Rahul Kayan  
Chief Executive Officer**

**Rajesh Kumar Kochar  
Designated Director**

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## **1. Objective**

1.1 1.1 Stewart & Mackertich Wealth Management Limited (in short “the Company/ Stewart & Mackertich”) believes that Investor safety & security is a vital element for sustained business growth and the Company shall ensure that our Clients receive exemplary service. In order to ensure safety & security of the Investors and prevent any “Error” and/or “Fraud” this “**Dormant, In-Active Account & Re-KYC (Know Your Client) Policy**” has been formulated, in compliance with the specific guidelines of Prevention of Money Laundering Act (PMLA) and/or as mandated by Securities and Exchange Board of India, the Stock Exchanges where the Company is a Trading Member and the Depositories where the Company is a Depository Participant.

1.2 The Policy lays down the procedure shall be followed when an instruction for debit /credit or buy/sell is received from an account which is Dormant and/or In-Active. This Policy gives full description like the time period and method considered for terming an account Dormant and/or In-Active as well as various steps required for re-activating such Dormant Account & In-Active Account in both Trading & Demat Accounts of the Clients of the Company.

## **2. Responsibility:**

2.1 The Compliance Officer shall be responsible for the implementation and supervision of this Policy.

2.2 The KYC Officer, RMS Officer, Investor Grievance Officer and Settlement Officer shall assist and report to the Compliance Officer on a daily basis if any non-compliance(s) of this policy is observed.

2.3 The Compliance Officer shall take all necessary steps to monitor, document, analyze and report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.

2.4 The Compliance Officer shall exercise his/her independent judgment and take adequate precautions to ensure implementation of an effective monitoring mechanism, based on the day-to-day activities of the clients, general market information and the facts and circumstances.

2.5 The Internal Auditor of the Company, shall review the implementation, documentation, effectiveness and review the actions taken during the period of audit

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and shall record the observations with respect to the same in their Internal Audit Reports.

2.6 The Board of Directors shall peruse, review and provide necessary guidance with regard to the “**Dormant & In-Active Account Policy**”, periodically, for strengthening the processes.

## **3. Concepts**

3.1 The RMS Officer and KYC Officer, at regular fortnightly intervals, shall review and analyze the Trading Accounts of the Clients and classify and flag them as “Dormant Accounts” and/or “In-Active Accounts” based on the parameters defined below, as part of Customer Due Diligence Process.

3.2 “**Dormant Account**” is an account, which is not presently used by the Client for trading and has executed no trades during the last three months, across all the Stock Exchanges where the Client has preferred to cause Securities Transactions.

3.3 “**In-Active Account**” is an account, which is not presently used by the Client for trading since a long time and has not executed any trade for the last one-year, across all the Stock Exchanges where the Client has preferred to cause Securities Transactions.

## **4. Treatment of Dormant & In-Active Account**

4.1 The Settlement Officer shall review and analyze the Trading Accounts of the Clients and classify and flag them as “**Dormant**” & “**In-Active**” Account(s) based on the parameters defined in Point Nos. 3.2 & 3.3, as part of Customer Due Diligence Process and report to the Compliance Officer.

4.2 All Dormant Accounts shall be frozen immediately and the client shall not be permitted to undertake any further transaction in such Dormant Account upon the instructions of the Risk Management & Surveillance (RMS) Officer.

4.3 The RMS Officer shall De-Map the Client Code from the Order Management System (OMS).

4.4 The KYC Officer shall mark the Client Code as In-Active over the Stock Exchange Interface, in case the Securities Trading Account has become “In-Active”.

4.5 A Dormant Account or In-Active Account shall be “Re-Activated” only upon proper due-diligence process and fulfilling of such conditions as detailed below in Point No. 6.

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4.6 The inactive accounts identified based on the above criteria (Point 3.3) shall be flagged as 'Inactive' by SMIFS Limited in UCC database of all the respective Exchanges.

4.7 SMIFS will ensure that all client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time, for In-Active Accounts.

4.8 In case SMIFS 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, SMIFS will make all efforts to trace the clients to settle their funds and securities lying with them and maintain an audit trail for such efforts made for tracing such clients and settling funds and securities of such clients.

4.9 Further in cases where SMIFS Limited is unable to trace such clients in spite of all efforts taken, SMIFS will take the following steps:

- i. Open one separate Client Bank/Client collateral Demat account and immediately set aside the funds and securities of these clients in such account.
- ii. Maintain 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).
- iii. Submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis. The mechanism and the format of the same will be shared in due course.
- iv. In case of receipt of any claims from such clients, SMIFS will to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only.

4.10 No communication seeking clients to trade in order to prevent accounts from being flagged inactive should be sent by SMIFS Limited

## **5. Analysis:**

5.1 In case any written application for activation and /or reactivation of Dormant Account and /or Inactive Account is received from the client, the same shall be reported to the Compliance Officer.

5.2 The KYC Officer shall seek necessary clarifications and supporting documents from the Client to satisfy himself/herself in respect of Identity and Bonafide of the client and shall report to the Compliance Officer.

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5.3 The Compliance Officer shall upon Careful Due Diligence in consultation with Settlement Officer and KYC Officer shall analyze the genuinity of the Client and upon satisfaction shall allow the Re-Activation of the Dormant Account and/or In-Active Account, with necessary reasoning and clarifications.

5.4 If in case in the opinion of the Compliance Officer that the request for reactivation of Dormant Account and /or Inactive Account violates the applicable Rules or Regulations for the time being in force, the same shall be reported to the Designated Directors and necessary steps shall be initiated.

## **6. Due Diligence Process:**

The Compliance Officer shall exercise **Caution & Due Diligence** in respect of “**Dormant Account**” and/or “**Inactive Account**” to prevent any “**Error**” and/or “**Fraud**” due to their “**Dormant/In-Active**” status. These cautions shall be exercised while:

### **6.1 Resumption of Trading for Dormant Account:**

6.1.1 A “Dormant Account” may be re-activated for trading on receipt of written application for re-activation from the client along with following necessary supporting documents such as: a) PAN Card, b) Latest Proof of Address as mandated under Rules and Regulations and c) Current Bank Account Statement.

6.1.2 Necessary clearances shall be obtained from the KYC Officer for processing the application for re-activation.

6.1.3 The RMS Officer upon satisfying himself with the aforesaid process shall re-activate the account over the Order Management System and map the Client Code to the desired Dealer.

### **6.2 Resumption of Trading for In-Active Account:**

6.2.1 An “In-Active Account” may be re-activated for trading upon complying the detailed formalities of Client Registration Procedure along with requisite Annexures, In-Person Verification (IPV), as required at the time of Opening of a New Account, along with a written application for re-activation of the Account.

6.2.2 The KYC Officer shall carry out the detailed process as required while activating a new client, including “In-Person” verification process and verifying the supporting documents submitted by the clients with the originals.

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6.2.3 The KYC Officer shall check whether the client is listed as a Debarred entity.

6.2.4 Necessary clearances shall be obtained from the RMS Officer and Investor Grievance Officer for processing the application for re-activation.

6.2.5 The trading account may get re-activated within 7 working days of submission of application of re-activation and processing of the Client Registration Procedure, upon the discretion and satisfaction of the Compliance Officer.

6.2.6 The KYC Officer upon satisfying himself with the aforesaid process shall re-activate the account over the Stock Exchange Interface and the RMS Officer to map the Client Code to the desired Dealer.

6.2.7 In case a client has undertaken transaction through SMIFS Limited, with respect to IPO/Mutual Fund subscription and DP operations during the 1 year period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required.

6.2.8 Further, in the below mentioned conditions, as stipulated in SEBI circular dated April 24, 2020 bearing reference number SEBI/HO/MIRSD/DOP/CIR/P/2020/73, the requirement for undertaking an IPV shall not be required:-

- 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.

6.2.9 Notwithstanding anything contained above, in case a client seeks re-activation before a period of 1 year of being flagged as inactive, SMIFS Limited shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected.

## **6.3 Change of Critical Client Details:**

6.3.1 Request for change in critical client details like Address, Bank Account, Demat Account, Email Address, Mobile Number / Phone Number, etc. shall be processed only after proper written application by the Client along with valid supporting's and "In-Person" verification of the client by the KYC Officer.

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## **6.4 Resumption of Activity in Depository Accounts which are In-Active & Dormant Account**

6.4.1 Delivery Instructions received in In-Active and/or Dormant Accounts are to be brought to the Notice of the Compliance Officer / Settlement Officer.

6.4.2 Transactions would be undertaken in such accounts upon fulfilling the procedures mentioned in Paras 6.1 & 6.2, herein above.

## **7. Re-KYC of Clients**

7.1 Stock Brokers & Depository Participants need to periodically update customer identification documents in their records of account holders to adhere to the KYC norms issued by the extant Market Regulator(s), Stock Exchange(s), Depositories and other Agencies. Re-KYC is the process of a business for re-identifying and verifying the identity of its existing clients.

7.2 The objective of the Re-KYC is to identity theft, Prevention of Terrorist Financing, Money Laundering and Financial Fraud. KYC allows to understand the Customer better and manage risks prudently. Re-KYC is mandatory and there is no escaping the paperwork while investing in financial products.

7.3 Personal information needs to be provided and has to be signed by the account holder of Stewart & Mackertich. The KYC Team is mandated to periodically update its Client's identification data including the Client's photograph, a proof of identity, a NRI status proof and a proof of address. The KYC updation of the Clients shall be done once in every 2 years even if there is no change in the identity or address of the Client.

## **8. Management Information System (MIS):**

8.1 A daily MIS Report (by T+1 day) shall be intimated by the KYC Officer with regard to "Dormant Account & Inactive Account" and the "Action Taken Report", to the Compliance Officer.

8.2 A Monthly MIS report (by 7 Calendar Days from the end of each month) shall be submitted by the Compliance Officer to the Designated Director. The Compliance Officer shall apprise the Board of Directors of the exception(s) noticed, if any as also the Actions taken by him/her.

8.3 A Quarterly MIS report (by 30 Calendar Days from the end of each quarter) shall be submitted by the Compliance Officer to the Board of Directors. The Compliance Officer

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shall apprise the Board of Directors of the exception(s) noticed, if any as also the Actions taken by him/her.

8.4 Internal Auditor shall verify and submit separate report on a monthly basis (by 15 Calendar Days from the end of each month) in respect of Dormant Account & Inactive Account and the actions taken in respect of the Compliances made and pending actions, if any.

## **9. Record Maintenance:**

9.1 The Compliance Officer shall be responsible for the record maintenance of such activities who shall be assisted by the KYC Officer.

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