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PAWAN PARMESHWAR CAPITAL PVT LTD

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Member: NSE Code: 00188 | BSE Code: 0550

Inactive and Dormant Accounts Policy

Version 2.0

Policy Title	Inactive and Dormant Accounts Policy
Version	2.0
Date of Approval	16th Oct 2025
Effective Date	20th Oct 2025
Owner	Compliance Department
Approving Authority	Board of Directors of Pawan Parmeshwar Capital Pvt Ltd
Next Review Date	Annually, or earlier upon regulatory change
Replaces	Inactive and Dormant Accounts Policy (legacy version, in force prior to this revision)

1. Introduction and Purpose

Pawan Parmeshwar Capital Pvt Ltd ("the Company") is a Stock Broker registered with the Securities and Exchange Board of India ("SEBI") and a Trading Member of the National Stock Exchange of India Ltd (NSE Code 00188) and BSE Limited (BSE Code 0550).

This policy lays down the framework for the identification, treatment, settlement and reactivation of client accounts that have remained inactive or dormant for a continuous period. The policy is framed for compliance with the SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025, the SEBI (Stock Brokers) Regulations, 1992 (as amended), and the bye-laws and circulars of NSE and BSE.

The policy seeks to protect the interests of clients whose accounts have ceased to be active, prevent unauthorised use of inactive accounts, and ensure timely settlement and reactivation in accordance with the regulatory framework.

2. Scope and Applicability

This policy applies to all client accounts maintained by the Company across all segments (Cash, Equity Derivatives, Currency Derivatives, etc.) and Exchanges (NSE, BSE), and to all employees of the Company involved in client account management, KYC, settlement, compliance and the Stock Exchange interface.

3. Definitions

4. Regulatory Framework

- SEBI (Stock Brokers) Regulations, 1992 (as amended), including Chapter IVA inserted by SEBI (Stock Brokers) (Amendment) Regulations, 2024 notified on June 27, 2024.
- SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025, including the framework for settlement of client funds and securities and treatment of inactive accounts.
- SEBI Master Circular on Know Your Client (KYC) requirements SEBI/HO/MIRSD/SECFATF/P/CIR/2023/0144 dated October 12, 2023.
- SEBI AML Master Circular SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024.
- Bye-laws, Rules, Regulations and Circulars of NSE and BSE.

5. Identification of Inactive Accounts

On the first working day of each calendar month, the Operations / Risk function shall generate a report identifying all client accounts that have not executed any trade in the preceding 12 calendar months. The report shall include for each such account:

- Unique Client Code (UCC).
- Client name and category.
- Date of last executed trade.
- Balance of funds lying in the Company's books to the credit of the client.
- Securities lying in the Company's pool/beneficiary account on behalf of the client, if any.

- Status of pending complaints or proceedings, if any.

The report shall be reviewed by the Compliance Officer and a determination made for each account on (i) settlement of funds and securities; (ii) marking the account as Inactive in the trading systems; and (iii) any further action.

6. Marking and Blocking of Inactive Accounts

On classification of an account as Inactive:

- The account shall be flagged as "Inactive" or "Dormant" in the back-office and trading systems of the Company.
- The trading rights of the account shall be disabled across all segments and Exchanges, such that no fresh orders may be placed on the account through any channel (terminal, electronic platform, telephone, written or otherwise).
- The Risk Management function shall not allow any release of pre-trade exposure for an Inactive Account.
- Existing open positions, if any (such as open derivative contracts), shall continue to be managed in accordance with their natural expiry and the Risk Management and Surveillance Policy v2.0; however, no new positions shall be permitted.

7. Settlement of Funds and Securities of Inactive Accounts

7.1 Funds

All credit balances of funds standing to the account of an Inactive client in the Company's books shall be transferred to the client's registered bank account by NEFT / RTGS or such other electronic mode in compliance with the settlement framework prescribed under the SEBI Master Circular for Stock Brokers.

The settlement shall be effected promptly on classification of the account as Inactive and in any event not later than the next monthly running-account settlement cycle. Where the registered bank account is no longer operative or where the NEFT / RTGS fails, the Company shall make reasonable attempts to contact the client at the registered email and mailing address; pending resolution, the funds shall continue to be held in the Client Funds account of the Company and the matter shall be escalated to the Compliance Officer.

7.2 Securities

Any securities lying in the Company's pool / beneficiary / client unpaid securities account to the credit of the Inactive client shall be transferred to the client's registered demat account in compliance with the framework prescribed by SEBI and the Depositories. Where the registered demat account is closed or non-operative, the Company shall follow the procedure laid down by

SEBI / Depositories for un-claimed securities, and the matter shall be escalated to the Compliance Officer.

7.3 No Use of Inactive Client Funds or Securities

Funds and securities of an Inactive client shall not under any circumstances be used by the Company for its own purposes, for funding other clients, or for any other purpose. The same shall be held in a strictly fiduciary capacity for the benefit of the client pending settlement or reactivation.

8. Communication to Inactive Clients

On classification of an account as Inactive, the Compliance Officer shall ensure that a written communication (by email to the registered email address, with copy by physical mail to the registered mailing address where feasible) is sent to the client, informing the client:

- That the account has been classified as Inactive and trading rights have been disabled.
- Of the settlement of funds and securities effected to the registered bank account and demat account.
- Of the reactivation procedure (Section 9 of this policy) should the client wish to resume trading.
- Of the contact details of the Compliance Officer and the dealing desk for any clarification.

A copy of the communication shall be retained in the client's file and indexed in the Register of Inactive Accounts (Annexure A).

9. Reactivation Procedure

An Inactive client may request reactivation of the account at any time. The reactivation procedure shall include:

- Receipt of a written reactivation request from the client (by physical letter or by email from the registered email address), specifying the UCC, name and intent to resume trading.
- Re-verification of KYC: the Company shall verify that the KYC details on file (PAN, address proof, bank account, demat account, contact details, FATCA/CRS declaration where applicable) remain current. Where any element has changed or any document has expired, the client shall be required to submit fresh documentation in accordance with the SEBI KYC Master Circular.

- In-person verification (IPV) or video-based KYC, where required by the SEBI KYC framework, particularly where the client's information has materially changed or where the period of inactivity has been long.
- Re-confirmation of the client's risk profile, financial details, trading experience and product preferences.
- Re-confirmation of the registered bank account and demat account; collection of fresh cancelled cheque / DP confirmation if any change.
- Updation of the client's account in the back-office and trading systems; removal of the Inactive flag; restoration of trading rights across the segments authorised by the client.
- Written communication to the client confirming reactivation and the segments enabled.

Reactivation shall be approved by the Compliance Officer and recorded in the Register of Inactive Accounts. Where the client's KYC documents have expired or where the SEBI / KRA records indicate any change, reactivation shall be effected only after KYC update is complete and the KRA records reflect the updated status.

10. Special Considerations

10.1 PEP and High-Risk Clients

Where the Inactive client is a Politically Exposed Person (PEP) or any other category classified as higher risk under the PEP Policy v2.0 or AML/PMLA Policy v2.0, reactivation shall be subject to fresh enhanced due diligence and approval by senior management as required under those policies, in addition to the KYC update referred to in Section 9.

10.2 Sanctioned or Suspended Clients

Where the Inactive client is or has become a person/entity listed under sanctions lists (UNSC, MHA, FATF designations notified through the SEBI AML framework), the account shall not be reactivated and shall be dealt with in accordance with the AML/PMLA Policy v2.0.

10.3 Open Positions at Time of Classification

Where an account is to be classified as Inactive but has open positions (such as open derivative contracts or pending settlement of trades), the open positions shall be settled or allowed to expire in the normal course; the classification as Inactive and disablement of trading rights for new orders shall apply with immediate effect.

10.4 Deceased Clients

Where the Company becomes aware that the client is deceased, the account shall not be classified merely as Inactive but shall be processed in accordance with the framework prescribed by SEBI and the Depositories for transmission of securities and funds to the legal heirs / nominees on receipt of the prescribed documentation. The matter shall be reported to and supervised by the Compliance Officer.

11. Register of Inactive Accounts

The Compliance Officer shall maintain a Register of Inactive Accounts substantially in the form set out in Annexure A, capturing for each Inactive client account:

- UCC, name and category.
- Date of classification as Inactive.
- Funds and securities settled (with date and reference).
- Communication despatched to the client (with date).
- Reactivation request received (with date and reference).
- KYC update verified (with date).
- Reactivation effected (with date).
- Remarks.

12. Records and Retention

All records relating to Inactive Accounts (Register, communications, settlement evidences, reactivation requests, KYC update documents and approvals) shall be retained for not less than 8 (eight) years from the date of the relevant event, in accordance with the Registers and Records Manual v1.0 and applicable SEBI / Depository requirements.

13. Roles and Responsibilities

- Board of Directors: Approves this policy; receives periodic reporting on Inactive Accounts as part of annual compliance review.
- Compliance Officer (Mr. Rajkumar Pandey): Owns this policy; reviews monthly Inactive Accounts report; approves classification, settlement and reactivation; maintains the Register; coordinates with KYC, Risk, Operations and IT functions.
- Operations / Settlement Function: Generates the monthly Inactive Accounts report; effects settlement of funds and securities; updates back-office systems.
- KYC and Client-Onboarding Function: Conducts KYC re-verification and update on reactivation; coordinates with KRAs.
- Risk Management Function: Ensures disabled trading rights for Inactive Accounts; manages open positions at classification stage.

- IT Function: Implements Inactive flag and trading rights disablement in the systems; supports MIS for the monthly report; maintains audit trail.
- Dealers and Relationship Managers: Do not place or accept orders for Inactive Accounts; direct any client query on reactivation to the Compliance Officer.

14. Reporting and Review

The Compliance Officer shall present to the Board:

- A quarterly summary of Inactive Accounts, including classifications, settlements, reactivations and any exceptions.
- Any communication received from SEBI or the Exchanges in respect of inactive client framework and the response.

This policy shall be reviewed annually and amended in response to any change in the regulatory framework relating to inactive client accounts, KYC, settlement or the rights of clients of stock brokers.

Annexure A — Register of Inactive Accounts (Template)

To be maintained by the Compliance Officer. Format may be implemented in electronic or physical form.

Field	**Particulars**
Serial Number	
UCC	
Client Name	
Client Category	
Date of Last Executed Trade	
Date of Classification as Inactive	
Funds Balance at Classification (Rs.)	
Date of Settlement of Funds & Reference	
Securities Held at Classification	
Date of Transfer of Securities & Reference	
Communication Despatched to Client (Date)	
Open Position Status at Classification	
Higher-Risk / PEP / Sanctioned Flag (Y/N)	
Reactivation Request Received (Date)	
KYC Update Verified (Date)	
Reactivation Approved by CO (Date)	
Date of Reactivation in Systems	
Remarks	

Board Approval

This Inactive and Dormant Accounts Policy (2.0) has been reviewed and approved by the Board of Directors of Pawan Parmeshwar Capital Pvt Ltd at its meeting held on 16-10-2025.

The Board has also recorded, on the same date, the following:

- The Board notes that this policy aligns the Company with the SEBI Master Circular for Stock Brokers dated June 17, 2025 in respect of treatment, settlement and reactivation of Inactive client accounts.
- The Board confirms Mr. Rajkumar Pandey as the policy owner and Compliance Officer responsible for monthly review of the Inactive Accounts report, approval of classifications, settlement supervision and approval of reactivations.
- The Board ratifies the 12-month period (no trade across any segment of any Exchange) as the criterion for classification of an account as Inactive / Dormant.
- The Board records that funds and securities of Inactive clients shall under no circumstances be used by the Company for its own purposes or for any other client, and shall be returned to the client in accordance with the SEBI settlement framework.
- Cross-references to related policies (AML/PMLA Policy v2.0, PEP Policy v2.0, Risk Management and Surveillance Policy v2.0, Order Acceptance Policy v2.0, Registers and Records Manual v1.0) are noted.

For PAWAN PARMESHWAR CAPITAL PVT. LTD.

P K Choudhary

Director / Authorised Signatory

PAWAN PARMESHWAR CAPITAL PVT. LTD. MUMBAI

Director / Authorised Signatory

Name: Pawankumar Choudhary

Designation: Director

Date: 16-10-2025

Place: Mumbai