

RENCAP SECURITIES (NIGERIA) LIMITED

Clients' Inactive Account Policy

Owner	Approved By
Compliance and Market Operations/ Account Management	The Board 

Effective by	Next revision date
February 2025	As required with changes to regulations

Version no	Date	Author
1	February 2025	Nicholas Okonkwo

Main Changes			
2	Jan 2026	Nicholas Okonkwo	General Revision

Contents

1. Introduction	3
1.1. The Purpose of this Policy	3
1.2. Legislation	3
1.3. Ownership/Obligations	3
2. Inactive Account	3
2.1. Classification of Inactive Accounts	3
2.2. Restriction of Inactive Account	3
2.3. Treatment of Balance	4
3. Responsibilities	4
4. Reactivation	4
4.1. Approach	4
4.2. KYC Requirements	4
4.3. Restrictions during Reactivation	5
4.4. Third Party Rights to Inactive Accounts	5
5. Regulatory Reporting and Sanctions	5
5.1. Reporting	5
5.2. Sanctions	5
Key Definitions	6

1. Introduction

1.1. The Purpose of this Policy

This Policy lays out guidelines for managing Clients' Inactive Account for all RenCap Securities (Nigeria) Limited ("RC Africa") entities. It is for use by Compliance, Market Operations, Account Management and Chief Executive Officer to understand the delineation and treatment of client inactive accounts.

This document sets out the standard for the modus operandi for the treatment of Clients' Inactive Account in RenCap Securities (Nigeria) Limited. The policy is intended to meet legal and regulatory requirements in Nigeria.

1.2. Legislation

Managing of Clients' Inactive Account in Nigeria is provided for under the NGX Regulations Limited (NGX) Rules on the Management of Clients' Inactive Accounts by Trading License Holders which was approved by the Securities and Exchange Commission on 4th November 2024 and implemented April 1st, 2025. The rules were designed to regulate inactive clients' accounts for stockbroking firms. Words capitalized and not expressly defined in this Policy is as defined in the NGX Rules.

1.3. Ownership/Obligations

The ownership and maintenance of this Policy is the responsibility of the Chief Executive Officer, Head, Regulatory Compliance supported by the Compliance Unit, Head Market Operations/ Account Management, supported by the Market Operations/ Account Management unit. The document will be reviewed as necessary to keep pace with any changes in legislation, etc or internal procedures. The aim is to maintain a single procedure wherever possible. When reissued, material changes should be highlighted by an email advisory to relevant staff.

2. Inactive Account

2.1. Classification of Inactive Accounts

RC Africa shall classify a client's account as an Inactive Account where one or more of the following conditions applies:

- a. there has been no Valid Transaction for an uninterrupted period of three (3) years since the last transaction by the client; and/or
- b. all efforts by RC Africa to contact the client using the authorized contact channels stipulated by the client in the account opening package or other channels approved by the Head of Compliance, within the period of three (3) years since the client's last initiated transaction have proven futile; and/or
- c. a client withdraws its funds from its brokerage account and did not initiate any subsequent valid transaction with RC Africa for a continued uninterrupted period of three (3) years.

2.2. Restriction of Inactive Account

In line with the provisions of this Policy, where a client's account is considered by the Head of Market Operations as inactive, the following procedures shall apply:

- a. the respective client's account shall be marked as "**Inactive**" in the Symplus Portal
- b. the client's account shall be restricted from transactions that requires the outflow of funds
- c. no changes shall be made to the client's bank account details, electronic mailing addresses, physical addresses, signature mandate and signatories, or telephone number(s) provided on record by the client during its onboarding or during the periodic account updates
- d. should RC Africa maintain an online/ digital trading access for its client, all Inactive Clients' Account shall be restricted from accessing said platforms
- e. no inter-member transfer of the Inactive Client's Account shall be permitted throughout the duration of inactivity
- f. where the Inactive Client's account is a jointly held account, the status as a joint account may not be altered

2.3. Treatment of Balance

Where an account has been designated as an Inactive Client Account, any funds remaining in the said account shall be treated as follows:

- a. use all reasonable care to maintain the funds held in safe custody in RC Africa designated clients account until the Inactive Account is reactivated in accordance with Clause 4
- b. RC Africa staff members shall maintain the confidentiality of the balances as well as the data of the Inactive clients and may not disclose this information to an unauthorized third party
- c. RC Africa shall keep such books and records as shall be necessary to show and distinguish in connection with its business:
 - i. Funds received from and funds paid to clients; and
 - ii. Funds received from or on account of RC Africa, and funds paid to or on account of RC Africa

3. Responsibilities

Prior to and throughout the duration of inactivity, RC Africa shall maintain the following operations for an Inactive Client's Account:

- a. ensure no discretionary activity is performed by any member of staff on the brokerage account
- b. monitor accounts that are inactive and ensure protection from inappropriate or unauthorized access or usage
- c. initiate appropriate actions for the reactivation which may include contacting the account holders through the provided, emails, physical visits, or phone calls and SMS
- d. inform clients in writing of the implications of rendering a brokerage account inactive during the onboarding process as well as during the account refresh exercises
- e. educate the client about his/ her/ its responsibility to avoid account inactivity by, informing RC Africa of any changes in client's contact information or details of the client's next of kin whom RC Africa may contact in case of inactivity
- f. notify the potential inactive client of the lack of Valid Transactions in his/her/its account at least three (3) months before classifying the account as inactive through the Notification Procedure
- g. reflect on an ongoing basis, the Inactive Account in the books of RC Africa as an account with credit balances until said funds are drawn on the client's instruction upon Reactivation
- h. retain the in-house records of all Inactive Accounts in line with the Policy, irrespective of duration of the inactivity, and shall reactivate such accounts upon request by the bona fide account holder or his/her legitimate representatives.

4. Reactivation

4.1. Approach

A client brokerage account with an Inactive status may only be reclassified as an Active account with the approval of the Head, Compliance. No account shall be re-classified as an Active Account except Compliance unit has conducted satisfactorily the appropriate Know-Your-Customer (KYC) refresh exercise on the inactive client. A KYC refresh is required to ensure that the client has been adequately identified through documentation as the authentic owner of the account.

4.2. KYC Requirements

Prior to a reactivation of an Inactive Client Account by Market Operations/ Account Management unit, Compliance shall ensure that the following at the minimum have been adequately obtained from the inactive client:

- a. evidence of ownership of account including correspondences with RC Africa during account opening, receipt of initial payment for purchase of securities or activation of the account or any other document (s) required to show ownership of the inactive account
- b. duly completed Client Account Update Form, FATCA CRS Questionnaire, and AML Questionnaire where applicable
- c. valid means of identification of the brokerage account holder as well as the shareholders, directors and signatories for corporate account holders

- d. proof of address of the brokerage account holder as well as the shareholders, directors and signatories for corporate account holders
- e. memorandum of understanding and articles of association where the client is a company
- f. certified true copy of the most recent status report or document evidencing the shareholders and directors where the client is a company
- g. board resolution on the company's letter head showing the updated signatories of the company

Upon verification of the provided documentation for Reactivation by the inactive client, Head, Compliance shall issue its approval in writing electronically and Market Operations/ Account Management shall within twenty-four (24) hours reactivate the account by removing the Inactive Client's Account status from the client's account on Symplus and notify the reactivated client in writing electronically.

4.3. Restrictions during Reactivation

During reactivation, an Inactive Client Account **bank details** or email addresses on record cannot be altered without satisfactory explanation of the purpose of the alteration and an approval given by the Head, Compliance unit. Where in doubt, the Head, Compliance unit may refer to Market Regulations Division of the NGX for guidance prior to approving the reactivation.

4.4. Third Party Rights to Inactive Accounts

In the event that the owner of the Inactive Account is deceased, and this information is brought to the awareness of RC Africa, the Executor(s) of the Testament of the deceased Inactive Account owner, or the court appointed Administrator(s) of the Estate, may provide the Letter of Probate, and/ or Letter of Administration from the court in addition to the following:

- a. a certified copy of the death certificate of the deceased Inactive Account owner
- b. the Will/ Probate Letter or Letter of Administration or Sealed Order (applicable in Northern States), which should indicate the existence of a brokerage account with RC Africa with the exact securities named in it for it to be valid
- c. passport photographs of the deceased as well as the Executor(s) or Administrator(s) as applicable
- d. duly completed account onboarding package converting the account to an Estate Account to be managed by the Executor(s) or Administrators in line with RC Africa KYC and due diligence guidelines which shall be advised by the Compliance unit
- e. a Police report where the cause of death is an accident and not of natural causes

RC Africa Compliance unit may at its sole discretion, require the previous Employer of the owner of the Inactive Account provided in the KYC of the client to confirm the death prior to concluding its decision on re-activation.

5. Regulatory Reporting and Sanctions

5.1. Reporting

- a. RC Africa shall maintain a record showing the details of the Inactive Account (s) in which funds are held; and such records shall be submitted on a quarterly basis to the Securities and Exchange Commission and NGX after an account has been classified inactive.
- b. All accounts previously classified as Inactive Client Account but reactivated after the commencement of this Policy shall be submitted on a quarterly basis to the Securities and Exchange Commission and NGX.
- c. All filings shall be done using the prescribed template provided by the SEC and NGX.
- d. Reports to the Securities and Exchange shall be made by sending same to brokers@sec.gov.ng; while reports to the NGX shall be made using the XBoss platform and including same in the Quarterly Returns filings.

5.2. Sanctions

- a. RC Africa understands that, where without cause, it unduly delays or fails to facilitate the reactivation of clients' Inactive Accounts it shall be liable to a minimum fine of Five Thousand Naira (₦5,000) for each account in accordance with the NGX Rules.
- b. Where RC Africa fails to maintain adequate records of Inactive Accounts, and remit reports on same to NGX quarterly or upon its request, it shall be liable to a fine of Fifty Thousand Naira (₦50,000).

Key Definitions

Active Account

means an account where transactions are carried out on at least once every three (3) years either by the client or the firm on the discretionary mandate authorised by the client for such period as defined in law

Inactive Account

means the definition giving to it in Clause 2

means for:

- a. an Individual a notification to classify his/her brokerage account as an Inactive Account communicated through the email on record, telephone calls and or SMS from the phone number on record;
- b. a Corporate, a notification to classify its brokerage account as an Inactive Account communicated through the official email on record, telephone calls and or SMS from the phone number on record as well as the contact information of the entity's authorised signatories on record;
- c. a Government a notification to classify its brokerage account as an Inactive Account communicated through the official email on record, telephone calls and or SMS from the phone number on record as well as the contact information of the relevant governmental institution;

Notification Procedure

Provided that the notification shall direct the client to contact RC Africa for Reactivation and provide a link to RC Africa website containing information about the account reactivation process where the client's account is classified as an Inactive Account.

A lack of notification will not preclude the brokerage account from being classified as an Inactive Account if the stipulations of Clause 2 are met.

Reactivation

The act or process of restoring a client's brokerage account from inactive status to active status in accordance with Clause 4 of this Policy

Valid Transaction

means any activity engaged by a client on his/ her/ its brokerage account to either or a combination of buying shares traded on the NGX, selling shares traded on the NGX, withdrawing cash from its brokerage account, and/ or paying cash into its brokerage account.