

# **FREEDOM FINANCE EUROPE LTD**

## **DORMANT ACCOUNT POLICY**

23rd of October 2023

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### Version History

Version	Date of update	Reason of update	Date of approval	Remarks
1.0	01.03.2022	Implementation of a new procedure	30.06.2022	n/a
2.0	01.04.2023	Implementation of a new procedure	25.04.2023	Description of a new procedure for dormant account treatment
2.1	23.10.2023	Review due to technical changes in the procedure	30.11.2023	Technical amendments to the procedure for dormant account treatment

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## 1. Introduction

1.1. Freedom Finance Europe Limited (hereinafter called the “Company”) is a Cypriot Investment Firm (“CIF”) registered with the Registrar of Companies under number HE 324220 and regulated by the Cyprus Securities & Exchange Commission (“CySEC”) under license number 275/15.

1.2. Following the requirements and/or obligations implemented by the following laws and regulations and in compliance with the current legal framework:

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
- Cyprus Investment Services and Activities and Regulated Markets Law of 2017 (The Law 87(I)/2017) regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets (the “Investment Services and Activities and Regulated Markets Law 2017”)
- Circular CI144-2012-18 issued on 19 October 2018 regarding the Submission of data in relation to dormant accounts
- Circular C398 issued on 7 July 2020 regarding Thematic review on the inactivity fees charged by Cyprus Investment Firms

The company has developed and implemented an adequate Dormant Account Policy adopted by the Board of Directors and is communicated to everyone involved to ensure their commitment to it.

1.3. The Company reserves the right to amend the current Policy at any time if such amendment is needed as a result of any changes of the law or regulations or for any reason the Company considers as a proper reason to amend the Policy

## 2. Definitions

- 2.1. **Dormant account** is an account that has had no trading or funding activity for a certain period of time, except for the posting of interest. For more details, please, refer to the chapter 4 of the current Policy.
- 2.2. **Trading activity** - for more details, please, refer to the article 4.2 and 4.3 of the present Policy.

## 3. Scope and purpose

- 3.1. The scope of this policy is to set out:
- the definition of the Dormant Account,
  - period and method considered for classifying clients' accounts as Dormant,
  - steps taken by the Company to recognize, reactivate and/or terminate such type of accounts.

## 4. Definition of dormant account and general principles

- 4.1. For the purpose of the present Policy the account is considered dormant if:
- it has a zero-credit balance for a period of twelve (12) calendar months, or
  - the account has been opened over a period of twelve (12) calendar months, and during that period no trading or funding activities have been carried out in relation to the account by or on the instructions of the holder of the account.
- 4.2. The term “Trading activities” for the purpose of the present Policy refers to the buying, holding and/or selling of securities, such as stocks, bonds, currencies and commodities.
- 4.3. The Company will not consider the “trading activity” safeguarding of a promotional stock received by the client as gratitude for the opening of the brokerage account but will consider the “trading activity” any transaction performed by the client with the said stock or any transaction with the funds received as a consequence of thereof. As a

result, all the transactions related to the promotional stock or funds received by the client from the sale of this stock will prevent the Company from a decision to classify the client's account as Dormant, but the initial acquiring and passive safekeeping of aforesaid security without any other activity will result in classifying the client's account as dormant.

4.4. The Company will not consider a client's account as dormant in case any activity is prevented by the Company in relation to any Compliance investigation.

4.5. In addition, the Company will not consider a client's account as dormant in the following cases:

- If the holder of the account maintains communication with the company for whatever reason (open complaint, active requests, training, etc.),
- If under the requirements of the current legislation any deposits, withdrawals, or trading activities are prevented by the Company in relation to a Compliance or AML investigation or there is a penalty or other disincentive for effecting such actions,
- If the holder of the account has other active account(s) and the Company maintains direct communication with him/her,
- If the holder of the account has other accounts with positive credit balances used for interest accumulation (D-account).

## **5. Procedure for dormant account classification**

5.1. On an ongoing basis, the Company will review and identify the accounts with zero credit balance and/or no trading and funding activity during the period of the last 12 months. The inactivity period may slightly differ due to technical reasons or at the Company's sole discretion. Demo accounts or other accounts without completed registration are not considered in the dormant account monitoring process.

5.2. In 90 consecutive calendar days or more since the date of the account opening in case of a zero credit balance account without trading or funding activities, the relevant message, notifying clients that their accounts can be classified and treated by the

Company as Dormant, will be communicated to all non-active clients by way of email and client cabinet or supporting managers, who in turn should communicate the message to the client via an authorized communication channels.

- 5.3. There are 3 consecutive letters sent to non-active clients. The original letter is sent on the 90<sup>th</sup> day of the account inactivity. The first reminder is sent five days after the first original letter. The second reminder is sent 5 days after the first reminder.
- 5.4. After the last communication clients need to proceed with one of the below options:
  - a) to fund the account or to perform any trading activity; and/or
  - b) to respond with the instructions regarding their account. The client's reply must be sent using the Company's official communication channels only, in particular, by means of the Company's trading platform or application (ticket), or by mail to [info@freedomfinance.eu](mailto:info@freedomfinance.eu). The client can ask to deem his account active or close it.
- 5.5. In case the client asks the Company to close his inactive account(s) the Compliance Department needs to confirm that all information in regard to that client account(s) is in line with the KYC and due diligence requirements. The client's assets are transferred back to the client's bank account stated in the due diligence documents or to the client's bank account from where the last funding of the client's account was done or any other client's account known and verified by the Company as client's.
- 5.6. In case of the account closure the Company accrue and deduct all applicable fees as per Appendix 11 of the General Terms of Business.
- 5.7. The actual Dormant Account status is assigned to accounts with zero credit balance and/or no trading and funding activity during the period of the last 12 months and 9 months after the first warning letter communicated to a client.
- 5.8. Together with the main trading account the Dormant Account status is assigned to all connected client's accounts with zero credit balance and/or no trading and funding activity during the period of last 12 months. In case of any trading or funding activity on one of connected client's accounts the rest of the accounts cannot be deemed

Dormant.

## **6. Charges and fees**

- 6.1. The Company does not employ any charges or fees imposed to the account being classified as dormant.
- 6.2. All charges and fees applicable to dormant account functioning, including but not limited to charges for brokerage, margin, ancillary services and account termination are calculated and withheld at the moment of account termination.

## **7. Reactivation of a dormant account**

- 7.1. For the reactivation of a dormant account(s), the Client shall contact and inform the Company about his/her intention to reactivate his/her trading account(s).
- 7.2. The Client's dormant account will be reactivated, subject to the provision of all the required KYC documentation and any other relevant information by the Client, as prescribed by the relevant Company's KYC procedures.
- 7.3. Once all the information is gathered, the Client shall proceed with at least one of the following activities:
  - 1) deposit funds into his/her account;
  - 2) place a trade;
  - 3) open or close positions.
- 7.4. If the described procedure is not completed by the Client within 90 days after the account reactivation, then the Company may keep the account dormant.

## **8. Closure of a dormant account**



- 8.1. A dormant account shall be closed following the Client's written request. If the Client does not explicitly request the closure of his/her trading account, then the account shall remain dormant.
- 8.2. At the same time, in the absence of the client's response, the Company reserves the right to close the client's dormant account. Assets in the dormant account shall remain owed to the Client and the Company shall make and retain records and return such assets upon request by the Client at any time thereafter.

## **9. Policy review**

- 9.1. The present Policy shall be reviewed annually or whenever a material change occurs that affects the Company's procedures, principles and requirements related to dormant accounts.