POLICY FOR HANDLING CLIENT UNPAID SECURITIES

Version 1.0

30th October 2026

Sr. No	Particulars	Pg. No
1	Objective of the Policy	3
2	Definitions & Abbreviations	3
3	Creation and Maintenance of CUSPA Pledge	3
4	Client Payment Obligation	3
5	Release of Pledge	3
6	Margin Reporting and Restrictions	4
7	Invocation and Liquidation of Unpaid Securities	4
8	Exceptional Circumstances	4
9	Auto Release of Pledge	4
10	Client Communication and Disclosure	4
11	Review of Policy	4

1. Objective

This Policy sets out the framework for creation, maintenance, release, invocation and liquidation of securities pledged under the Client Unpaid Securities Pledgee Account (CUSPA) in respect of client purchase transactions where the corresponding funds obligation remains unpaid. The Policy is framed in accordance with SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated 03 July 2026, applicable Exchange operational guidelines and other regulatory requirements.

This Policy shall be applicable to all client transactions not covered under the Margin Trading Facility (MTF).

2. Definitions

- **Unpaid Securities**
  Securities credited to the client's demat account against purchase transactions for which the corresponding funds obligation remains unpaid.
- **CUSPA**
  Client Unpaid Securities Pledgee Account maintained by the Company for handling unpaid securities.
- **Pay-out Date**
  The date on which securities are credited to the client's demat account by the Clearing Corporation.
- **Non-MTF Ledger**
  The client's ledger excluding transactions executed under the Margin Trading Facility.

3. Creation and Maintenance of CUSPA Pledge

- Securities received in pay-out shall be credited directly to the client's demat account by the Clearing Corporation.
- Where the corresponding funds obligation remains unpaid, an auto-pledge shall be created in favour of the Company's CUSPA with the reason "Unpaid" without requiring any specific instruction from the client.
- The Company shall maintain securities pledged under CUSPA up to the Maximum Permissible CUSPA Pledge Value, computed daily as follows:

Maximum Permissible CUSPA Pledge Value = 150% × (End-of-Day Margin Obligation across all segments – Aggregate Clear Ledger Balance across all Non-MTF Ledgers)

- As the securities cannot be pledged in fractional quantities, the nearest higher whole-number quantity shall be pledged.
- Upon creation of the pledge, the Company shall communicate to the client:
  1. Details of the outstanding obligation
  2. Details of securities pledged under CUSPA
  3. The Company's right to invoke and liquidate such securities in the event of non-payment.

4. Client Payment Obligation

- The client shall fulfil the outstanding funds obligation within four trading days from the Pay-out Date.
- Payment received shall be appropriated towards the client's outstanding obligation and the CUSPA pledge shall be reduced or released accordingly.

5. Release of Pledge

- The Company shall review the value of securities pledged under CUSPA on a daily basis as follows:

Maximum Permissible CUSPA Pledge Value = 150%× (End-of-Day margin obligation of the client across all segments - Aggregate clear ledger balance of the client across all non-MTF ledgers)

- Where the value of pledged securities exceeds the Maximum Permissible CUSPA Pledge Value, the excess pledge shall be released on a FIFO basis on or before the next trading day.
- Upon full discharge of the client's outstanding obligation, the pledge shall be released, and the securities shall become available to the client as free balance.

6. Margin Reporting and Restrictions

- Securities pledged under CUSPA may be considered for margin reporting to the Clearing Corporation in accordance with applicable regulatory and Exchange requirements.
- No trading exposure, margin benefit, funding facility or additional trading limits shall be provided against securities pledged under CUSPA.
- Securities pledged under CUSPA shall not be re-pledged, transferred or otherwise utilized for raising funds from banks, NBFCs or any other third party.

7. Invocation and Liquidation of Unpaid Securities

- Where the client fails to fulfil the outstanding funds obligation within four trading days from the Pay-out Date, the Company shall invoke and liquidate the unpaid securities on the fifth trading day after the Pay-out Date.
- The client shall be notified at least one trading day prior to invocation and liquidation.
- Invocation and liquidation shall be carried out through the respective client's Unique Client Code (UCC).
- Unpaid securities shall be liquidated on a First-In-First-Out (FIFO) basis.
- Sale proceeds shall be appropriated towards the client's outstanding obligation. Any surplus remaining after adjustment of dues shall be credited to the client's ledger account. Any resultant shortfall shall remain recoverable from the client.
- Notwithstanding the above, the Company may invoke and liquidate unpaid securities prior to expiry of the aforesaid period where necessary on account of margin shortfall, inadequate risk coverage or other risk management considerations, after providing appropriate notice to the client.

8. Exceptional Circumstances

- Where invocation or liquidation of unpaid securities is not possible due to:
  - Lower circuit restrictions with no buyers;
  - Trading halt or suspension;
  - Regulatory or depository restrictions; or
  - Any other circumstance recognized by the Exchanges, Depositories or Market Infrastructure Institutions (MIIs),

  the Company may seek extension of the pledge period in accordance with applicable regulatory and Exchange requirements.
- The client shall be informed of such extension in accordance with applicable regulatory requirements.

9. Auto Release of Pledge

Where a pledge is neither invoked nor released within the timelines prescribed under applicable regulatory, Exchange or Depository requirements, the pledge shall be automatically released in accordance with the applicable framework.

10. Client Communication and Disclosure

- All communications relating to creation, release, invocation, liquidation or extension of CUSPA pledges shall be sent through the client's registered email address or mobile number or any other mode permitted by regulatory requirements.
- This Policy shall be hosted on the Company's website and made available to clients as required under applicable regulations.
- Any material amendment to this Policy shall be communicated to clients in the manner prescribed by the applicable regulatory requirements.

11. Review of Policy

This Policy shall be reviewed at least annually, or earlier if required pursuant to any change in regulatory requirements, Exchange guidelines or business and operational practices.