

POLICY & PROCEDURE ON HANDLING OF CLIENT SECURITIES WHICH REMAINED UNPAID ON PAY IN DATE .

To comply with SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 on handling client unpaid securities, We mandate the exclusive use of a Client Unpaid Securities Pledgee Account (CUSPA). Unpaid shares will be pledged to the CUSPA and either liquidated within 5 trading days or released to the client upon full payment.

1. Objective and Scope

- **Objective:** To prevent the misuse of client securities, ensure absolute segregation of client funds from proprietary assets, and effectively manage unsettled trades and margin shortfalls.
- **Scope:** Applies to all equity trading segments. It dictates the handling of securities when a client has not completed their settlement/fund obligations by the designated payin/pay-out date.

2. Account Opening and Structure

- **CUSPA Setup:** We had opened a dedicated "Client Unpaid Securities Pledgee Account" (CUSPA) with the depository CDSL specifically tagged for "unpaid securities".
- **Segregation:** This account will be distinct from the pool account, margin pledge account, or any other client/proprietary account.

3. Transfer and Auto-Pledge Process

- **Identification of Unpaid Securities:** By the pay-out date, if a client fails to pay their funds obligation in full, the securities are treated as "unpaid securities".
- **Transfer Mechanism:** These unpaid securities will be transferred directly to the client's own Demat account .
- **Creation of Auto-Pledge:** Simultaneously, an auto-pledge is created marking these securities as "unpaid" in favor of the CUSPA. And the client will be intimated via email accordingly.

4. Handling of Pledged Securities

- **If Client Pays:** If the client fulfills their funds obligation (pays the ledger debit) within 5 trading days post pay-out, We will immediately release the pledged securities (which are in favour of CUSPA) on demand if any or otherwise on the next working day of the date on which client ledger is showing credit balance, restoring them as the client's free balance.

- **If Client Defaults (Liquidation):** If the client fails to make the payment within 5 trading days post pay-out, we are authorized to dispose of/liquidate these unpaid securities in the market. Or at the discretion of the management release the pledge.
- **Liquidation Notice:** We will send prior intimation (via email) to the client at least **one trading day** before liquidating/disposing of the securities.
- **Execution:** Unpaid securities will be sold in the market using the respective client's Unique Client Code (UCC). And the sale proceed will be credited in the client account