POLICY FOR HANDLING CLIENT UNPAID SECURITIES-CUSPA

(Version 1.1 dated 25.10.2026)

Reference:	**SEBI Circular- HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026**
	NSE Circular- NSE/INSP/75508 dated 31st July 2026
	BSE Notice: 20260731-12 dated 31st July 2026

1. PURPOSE

This Policy ("Policy") establishes the framework and procedures to be followed by **GEPL Capital Private Limited** ("GEPL"/"TM"/"Company") for handling securities purchased by clients which remain unpaid or partially unpaid.

The Policy is formulated in accordance with applicable SEBI regulations, circulars and directions, and the requirements of the Stock Exchanges, Clearing Corporations and Depositories relating to handling of clients' unpaid securities.

The objectives of this Policy are to:

a) establish a clear process for handling and monitoring unpaid securities;
b) prescribe the manner and timelines for pledge, release, invocation and liquidation of unpaid securities through GEPL's **Client Unpaid Securities Pledgee Account ("CUSPA")**;
c) ensure appropriate client-level identification, segregation, communication and monitoring of unpaid securities and related payment obligations; and
d) ensure compliance with applicable regulatory requirements and protection of client interests.

This Policy shall be read together with the applicable client agreements and GEPL's policies governing client margins, settlement and securities handling, including its Risk Management Policy.

2. SCOPE AND APPLICABILITY

This Policy shall apply to all clients of GEPL in respect of securities purchased in the cash/equity market or other applicable segments where:

a) the trade is **not covered under Margin Trading Facility (MTF)**; and
b) the securities purchased by the client remain unpaid or are not fully paid for by the client.

This Policy shall be read together with the Client Agreement, Risk Management Policy, policies relating to margin collection and reporting, applicable Exchange regulations and circulars, and other internal policies of GEPL.

Where any provision of this Policy is inconsistent with any applicable law, regulation, SEBI circular, Exchange circular, Clearing Corporation requirement or Depository requirement, the applicable regulatory requirement shall prevail.

3. DEFINITIONS

For the purpose of this Policy, unless the context otherwise requires:

3.1 "Client"

Means a person or entity registered with GEPL under a valid Unique Client Code ("UCC") and for whom GEPL executes trades.

3.2 "Unpaid Securities"

Means securities purchased by a client in respect of which the corresponding payment obligation has not been fully met by the client within the applicable settlement timeline.

3.3 "CUSPA"

Means the **Client Unpaid Securities Pledgee Account** maintained by GEPL with the Depository for the purpose of holding pledge of unpaid securities in accordance with applicable regulatory requirements.

3.4 "Pay-out Date"

Means the date on which securities are credited or released to the client pursuant to settlement of the relevant transaction.

3.5 "Trading Day"

Means a day on which the relevant Stock Exchange is open for trading, excluding such days as may be declared as trading holidays by the relevant Stock Exchange.

3.6 "Pledge"

Means the pledge of unpaid securities created in favour of GEPL's CUSPA in accordance with applicable SEBI, Stock Exchange, Clearing Corporation and Depository requirements.

3.7 "Invocation"

Means invocation of the pledge of unpaid securities by GEPL in accordance with applicable regulatory requirements, for the purpose of facilitating liquidation of such securities where the client fails to meet the applicable payment obligation.

3.8 "Liquidation"

Means the sale of unpaid securities in the market following invocation of the pledge, in accordance with applicable regulatory, Stock Exchange, Clearing Corporation and Depository requirements.

4. GOVERNING PRINCIPLES

The handling of unpaid securities by GEPL shall be governed by the following principles:

4.1 Client-Level Segregation

Unpaid securities shall be identifiable at the individual client level and shall be handled in accordance with the applicable regulatory framework.

4.2 CUSPA Pledge

Where securities purchased by a client remain unpaid, such securities shall be pledged in favour of GEPL's **Client Unpaid Securities Pledgee Account (CUSPA)** in accordance with applicable regulatory and Depository requirements.

4.3 No Additional Exposure

GEPL shall not allow or provide any trading exposure to the client on the basis of securities pledged to GEPL's CUSPA.

The value of CUSPA-pledged securities may be considered for margin collection and reporting in accordance with applicable regulatory requirements; however, no additional trading exposure shall be permitted against such securities.

4.4 Maximum Payment Period

The client shall be required to meet the payment obligation within a maximum period of **five trading days from the pay-out date**, subject to any extension specifically permitted under applicable regulatory and operational guidelines.

4.5 Release of Pledge

The pledge shall be released, wholly or partially, upon receipt of the client's payment or where the value of securities pledged exceeds the amount permissible under the applicable regulatory framework.

4.6 Invocation and Liquidation

Where the client fails to meet the payment obligation within the prescribed period, GEPL may invoke the pledge and liquidate the unpaid securities in accordance with this Policy and applicable regulatory requirements.

4.7 Prohibition on Further Pledging

Securities pledged to GEPL's CUSPA shall not be further pledged or transferred to any bank, NBFC or other entity for raising funds.

4.8 Client Communication

GEPL shall communicate to the client the relevant details regarding the unpaid securities, outstanding payment obligation, creation of pledge, applicable payment timeline and the consequences of failure to meet the payment obligation.

4.9 Regulatory Compliance

All actions relating to identification, pledge, monitoring, release, invocation and liquidation of unpaid securities shall be undertaken in accordance with applicable SEBI regulations, circulars, directions and guidelines and the applicable requirements of the Stock Exchanges, Clearing Corporations and Depositories.

5. IDENTIFICATION AND MONITORING OF UNPAID SECURITIES

5.1 Identification of Unpaid Securities

For determining whether securities purchased by a client are unpaid or partially unpaid, GEPL shall consider the client's end-of-day clear ledger balance. Any amount blocked or utilised towards the client's existing margin obligations may be excluded from the available clear ledger balance. Where securities are partially paid for, GEPL may initiate a CUSPA pledge in respect of the entire quantity of such purchased securities, subject to applicable regulatory requirements and the Company's approved Risk Management Policy. Securities that are fully paid for shall not be subjected to CUSPA pledge.

GEPL shall identify securities purchased by a client which remain unpaid or partially unpaid after the applicable pay-out date.

The Operations/Back Office function shall monitor client-wise outstanding payment obligations and identify securities eligible for treatment as unpaid securities under the applicable regulatory framework.

5.2 Client-Wise Tracking

GEPL shall maintain appropriate records to enable identification and tracking of unpaid securities at the individual client level, including:

a) Client UCC;
b) details of the securities purchased;
c) quantity of securities remaining unpaid;
d) amount of payment outstanding;
e) pay-out date;
f) date of creation of pledge in CUSPA;
g) payments received from the client;
h) securities released from pledge;
i) securities invoked and/or liquidated; and
j) applicable deadline for meeting the payment obligation.

5.3 Monitoring of Payment Obligation

The outstanding payment obligation shall be monitored on an ongoing basis until:

a) the client makes the required payment and the applicable pledge is released; or
b) the unpaid securities are invoked and liquidated in accordance with this Policy; or
c) the pledge is otherwise released in accordance with applicable regulatory requirements.

5.4 System Controls

GEPL shall maintain appropriate system controls to monitor the period for which securities remain unpaid and to identify cases approaching the maximum permitted period of **five trading days from the pay-out date**.

Any system exception or operational discrepancy affecting the monitoring or handling of unpaid securities shall be escalated to the concerned function and the Compliance Department for appropriate action.

6. CREATION OF CUSPA PLEDGE

6.1 Pledge of Unpaid Securities

Where securities purchased by a client remain unpaid or partially unpaid, such securities shall be pledged in favour of GEPL's **Client Unpaid Securities Pledgee Account (CUSPA)** in accordance with applicable SEBI, Stock Exchange, Clearing Corporation and Depository requirements.

6.2 Direct Credit to Client Demat Account

The securities shall be credited directly to the client's demat account in accordance with the applicable settlement process. The pledge in favour of GEPL's CUSPA shall thereafter be created through the Depository mechanism prescribed for handling unpaid securities.

The CUSPA pledge shall be created as part of the Clearing Corporation's direct payout process, through the mechanism prescribed by the Clearing Corporations and Depositories. GEPL shall maintain appropriately designated CUSPA demat accounts with the relevant Depositories, wherever required, and ensure that such accounts are utilised exclusively for the purposes permitted under the applicable regulatory framework.

6.3 Reason for Pledge

The pledge shall be created with the applicable reason/code indicating **"Unpaid"**, as prescribed by the Depository and/or applicable regulatory or operational guidelines.

6.4 Client-Level Identification

The securities pledged in CUSPA shall remain identifiable with the respective client's UCC and the corresponding outstanding payment obligation.

6.5 No Separate Client Instruction

The pledge of unpaid securities in favour of GEPL's CUSPA shall be created in accordance with the applicable regulatory framework and shall not require a separate pledge instruction from the client where such automatic pledge is prescribed.

6.6 Record Keeping

GEPL shall maintain appropriate records and audit trails relating to the creation of the CUSPA pledge, including the client UCC, security details, quantity, pay-out date, pledge date and corresponding outstanding payment obligation.

7. CLIENT COMMUNICATION

7.1 Initial Communication

Where securities purchased by a client remain unpaid or partially unpaid, GEPL shall communicate the outstanding payment obligation and the relevant details of the unpaid securities to the client through the registered communication channel.

7.2 Information to be Communicated

The communication shall include, as applicable:

a) details and quantity of the unpaid securities;
b) amount of payment outstanding;
c) pay-out date;

d) details of the pledge created in favour of GEPL's CUSPA;
e) the maximum period available to the client to meet the payment obligation; and
f) the consequences of failure to make payment, including invocation and liquidation of the unpaid securities.

7.3 Subsequent Communication

Where applicable, GEPL shall communicate material actions taken in respect of the unpaid securities, including release or invocation of the pledge, liquidation of securities and any extension permitted under applicable regulatory requirements.

7.4 Mode and Record of Communication

Communication may be made through registered email, SMS, client portal or any other permitted electronic mode. GEPL shall maintain an appropriate record or audit trail of such communications.

7.5 **Client Communication**

GEPL shall communicate the creation of each CUSPA pledge to the concerned client on or before the commencement of trading on the next trading day following the date of creation of the pledge in the Depository system. Such communication shall contain the client's outstanding ledger debit and margin obligations, details of the securities pledged including their names and quantities, and GEPL's right to invoke the pledge and liquidate the unpaid securities in the event of non-payment. Pledges created on the same day may be communicated through a consolidated communication. GEPL shall maintain verifiable records of all such communications.

8. PAYMENT PERIOD

8.1 Maximum Period

The client shall meet the payment obligation in respect of unpaid securities within a maximum period of **five trading days from the pay-out date**.

8.2 Monitoring of Timeline

GEPL shall monitor the payment obligation from the pay-out date and take appropriate action in accordance with this Policy where the client fails to make the required payment within the prescribed period.

8.3 Early Payment

The client may meet the outstanding payment obligation at any time before expiry of the prescribed period. Upon receipt and confirmation of the required payment, GEPL shall take necessary steps for release of the pledge in accordance with applicable requirements.

8.4 Extension

Any extension beyond the prescribed period shall be permitted only in circumstances and for such period as may be specifically allowed under applicable SEBI, Stock Exchange, Clearing Corporation and Depository requirements.

9. MONITORING, RELEASE, INVOCATION AND LIQUIDATION OF UNPAID SECURITIES

9.1 Daily Monitoring

GEPL shall monitor, on a daily basis, the outstanding payment obligation and the securities pledged in its CUSPA.

At the end of every trading day, GEPL shall determine, on a client-wise basis, the maximum permissible value of securities that may remain pledged under CUSPA in accordance with the following formula:

Maximum Permissible CUSPA Pledge Value = 2.25 × (C – B)

Where:

- **A** represents the value of securities pledged under CUSPA, determined in accordance with the applicable margin pledge valuation methodology.
- **B** represents the aggregate clear ledger balance of the client across all non-MTF ledgers, treating debit balances as negative and credit balances as positive.
- **C** represents the end-of-day margin obligation of the client across all segments.

Where the actual value of CUSPA pledged securities exceeds the maximum permissible value, GEPL shall initiate release of the excess pledge on the appropriate quantity of securities on or before the next trading day, in accordance with the applicable Depository mechanism. Where the maximum permissible value is zero or negative, all remaining CUSPA pledges shall be released, subject to applicable operational guidelines.

9.2 Release of Pledge

Where the client makes the required payment, GEPL shall release the pledge on the relevant securities, subject to applicable regulatory requirements.

Where only part of the outstanding obligation is paid, GEPL may retain the appropriate quantity/value of securities under pledge to the extent permissible under the applicable framework and release the balance.

For determining the securities to be released from or invoked under CUSPA, GEPL shall ordinarily follow the First-In-First-Out (FIFO) methodology based on the date of creation of the respective pledge, subject to applicable regulatory requirements, settlement restrictions, market conditions and operational feasibility. The methodology shall be applied consistently and supported by appropriate records and audit trails.

9.3 Invocation of Pledge

Where the client fails to meet the payment obligation within the prescribed period, GEPL may invoke the pledge of the unpaid securities in accordance with applicable regulatory requirements.

Before invocation of the CUSPA pledge and liquidation of the unpaid securities, GEPL shall provide reasonable prior notice to the concerned client through a verifiable mode of communication, including registered email, SMS or other electronic communication modes permitted under the applicable Exchange guidelines. GEPL shall preserve the relevant communication records. Invocation and liquidation shall be undertaken within the payment timeline prescribed under this Policy and within the maximum period permitted under the applicable regulatory framework.

9.4 Liquidation of Unpaid Securities

Following invocation, GEPL may liquidate the unpaid securities in accordance with applicable Stock Exchange, Clearing Corporation and Depository requirements.

The securities shall be liquidated using the respective client's UCC. The proceeds shall be appropriated towards the client's outstanding payment obligation and other permissible dues, as applicable. Any surplus remaining after settlement of the client's dues shall be credited to the client's account in accordance with applicable requirements.

GEPL shall not use the securities or proceeds attributable to one client for meeting the obligations of another client.

Where the client's trading account is frozen or the client is otherwise not permitted to trade by the Stock Exchange after creation of the pledge, GEPL may, in accordance with the applicable regulatory mechanism, invoke the pledge and liquidate the securities under its proprietary trading code. In such exceptional circumstances, GEPL shall ensure completion of securities pay-in on the same day as invocation. Liquidation transactions executed under the client's UCC shall be appropriately identified in the remarks column of the contract note in accordance with the applicable Exchange requirements. Any surplus proceeds remaining after adjustment of the client's outstanding obligations shall be credited to the client's ledger.

9.5 Auto-Release

Where a CUSPA pledge is neither invoked nor released within five trading days after the pay-out date, and no valid extension is in force, the pledge shall be automatically released by the Depository at the end of the sixth trading day after the pay-out date. GEPL may initiate release of the pledge at any time prior to such automatic release, subject to the applicable regulatory requirements.

GEPL shall ensure that its systems and processes appropriately monitor such timelines and maintain records of the release.

9.6 Exceptional Circumstances and Extension

Where, due to exceptional circumstances, GEPL is unable to liquidate the unpaid securities within the prescribed period, GEPL may seek an extension only where such extension is permitted under applicable regulatory and operational guidelines. Such circumstances may include trading restrictions, suspension of trading, a lower circuit where there are no or insufficient buyers, or other circumstances recognised under the applicable regulatory framework.

Any request for extension shall be made within the prescribed timeline and in the manner specified by the relevant Stock Exchange, Clearing Corporation or other applicable authority. The client shall be informed of any approved extension and the revised timeline for settlement/liquidation. Once the circumstances giving rise to the extension cease to exist, GEPL shall take appropriate action in accordance with the applicable regulatory requirements.

With effect from January 03, 2027, GEPL may seek extension of a CUSPA pledge only for the exceptional circumstances expressly permitted under the applicable SEBI and Exchange guidelines, including the prescribed Permitted Reasons for CUSPA Pledge Extension (PRCPE). The initial extension request shall be submitted to the concerned Depository Participant by 6:00 PM, or such extended time as may be permitted by the relevant Depository, on the fifth trading day after the pay-out date. The extension may be sought for up to one additional calendar week, subject to the prescribed conditions. Any subsequent extension shall be sought only where the original qualifying circumstances continue to exist and within the applicable prescribed timeline. GEPL shall communicate each extension to the concerned client within the prescribed period and maintain the supporting records and justification for such extension.

10 Policy governance and publication

This Policy and any subsequent amendments thereto shall be approved by the competent authority of GEPL in accordance with its internal governance framework and applicable regulatory requirements. The approved Policy shall be hosted on the Company's website and communicated, or made available through a direct web-link, to all existing clients to whom the CUSPA mechanism is applicable. For clients onboarded subsequently, the Policy or its direct web-link shall be communicated as part of the account opening process or before application of the CUSPA mechanism. Any revision shall be approved, published and communicated to the concerned clients before becoming effective. GEPL shall maintain verifiable records of such communications and make reasonable efforts through alternate permitted channels in cases of failed delivery.

This policy shall be read along with the Risk Management Policy.

This policy shall be reviewed annually or as required by regulatory authority from time to time by the Board.

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