



Rupreezy

Member : NSE, BSE, MCX, NSDL, CDSL

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Astha Credit and Securities Private Limited

Policy on Client Unpaid Securities Pledgee Account (CUSPA)

1. Introduction

The Securities and Exchange Board of India (SEBI), in its continued efforts to strengthen investor protection and enhance settlement discipline, introduced the concept of a Client Unpaid Securities Pledgee Account (CUSPA). This framework aims to streamline the handling of unpaid securities, prevent misuse of client securities, and ensure a transparent and automated settlement environment for trading members and their clients.

This policy document establishes the procedures and practices followed by Astha Credit and Securities Private Limited for managing unpaid securities in compliance with the applicable SEBI circulars and Exchange guidelines.

2. Purpose and Objectives

This policy has been framed with the following objectives:

- To define a clear and transparent mechanism for managing securities purchased by clients but unpaid within the prescribed timelines.
- To comply with the directives issued by SEBI and recognized stock exchanges with respect to unpaid securities.
- To mitigate risks arising out of client defaults by securing dues through pledging of unpaid securities.
- To ensure prompt communication and accountability to clients in the case of non-fulfilment of settlement obligations.

3. Definition of CUSPA

A Client Unpaid Securities Pledgee Account (CUSPA) is a demat account maintained by a trading member Astha Credit and Securities Private Limited with the depositories (NSDL or CDSL) to hold securities purchased by clients for which payment has not been received by the settlement

deadline. These unpaid securities are automatically pledged in favor of Broker to serve as collateral for the outstanding payment.

This pledge mechanism protects the broker from financial exposure and enables structured recovery in case the client fails to meet the fund obligation within the defined grace period.

4. Operational Framework and Process Flow

- **Treatment of Client unpaid securities**

All securities shall be transferred to respective client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favour of CUSPA.

- **Intimation to Client**

Clients are informed about their unpaid obligations through email, and the consequences if unpaid or process for regularization if amount received. Further Client is obligatory to pay the unpaid amount as intimated on email up to T+1+4.

- **Liquidation of Securities**

If no payment is received by T+1+4, the position will be liquidated.-

The proceeds from such liquidation will be used to recover:

- Purchase consideration
- Any interest or penalty charges
- Applicable DP/pledge transaction charges
- If sale proceeds fall short of the obligation, the shortfall will be recovered from the client. Any excess balance post-recovery will be refunded to the client.
- In certain instances of adverse market movements, where the market price of securities under CUSPA deteriorates significantly, the client is duly informed of their outstanding position. The client is advised to either deposit the requisite funds within the timeline communicated via email or voluntarily square off the position. Failing such action, the Risk Management System (RMS) shall initiate a square-off of the position, without any further notice, to mitigate risk.
- **Regularisation and Release of Client unpaid securities from CUSPA Account**

Upon receipt of full funds from the client within the prescribed timelines., the securities held in under pledge are released from respective demat account. Proper system logs, audit trails, and transaction records are maintained for each such release.

- **Margin benefit for CUSPA Shares:**

The Unpaid securities pledged in favor of CUSPA account of member (reduced by the appropriate haircut subject to minimum 20%) may be considered for collection and reporting of margin by member to the extent of debit balances in client ledger arising out of buying obligation of such securities.

- **Corporate Actions on CUSPA Securities**

Corporate actions, if any, arising on securities held in the CUSPA Demat Account are handled strictly as per regulatory instructions. Benefits, wherever applicable, are passed on to the client upon regularization of dues and in accordance with applicable rules.

- **Reporting and Record Maintenance**

The Company carries out daily reconciliation of unpaid client obligations and securities held in the CUSPA Demat Account. Periodic reports are submitted to the Depositories, Stock Exchanges and Clearing Corporations as required, and records are retained for the period prescribed under SEBI regulations.

The Compliance function oversees the overall CUSPA process through periodic reviews, internal controls, and exception monitoring. Any deviations or operational issues are escalated to senior management for corrective action. This process note is reviewed periodically and updated in line with regulatory changes.

6. Client Responsibilities and Best Practices

Clients are strongly advised to:

- Ensure that fund obligations are met before 08:00 AM on the day after trading day to avoid pledge creation.
- Monitor demat and ledger balances and review alerts shared by Broker on a regular basis.
- Communicate promptly with the support or compliance desk in case of payment delays or discrepancies.
- Understand that unpaid securities are not counted toward Allocation of margin at client level, and any derivative positions may be subject to auto square-off due to Allocation shortage.
- Maintain adequate balance in the bank and trading accounts to ensure smooth processing and release of securities.

7. Advantages of CUSPA Implementation

- Investor Protection: Clients remain informed of their status and risk.
- Compliance: Fully adheres to SEBI & exchange guidelines.
- Risk Containment: Brokers are protected from potential financial losses.
- Process Discipline: Standardizes the handling of non-payment scenarios.

8. Policy Approval & Authority

This policy is approved by the **Satish Chandra Gupta** and shall be effective from the date of approval. Any amendment shall be approved by the competent authority as per governance framework.

Approved By: Satish Chandra Gupta
Director

Revision History:

Version:	Release Date	Reason for Change	Change Description
1	02-05-2025	NEW	NEW RELEASE

