Handling of Client's Unpaid Securities (CUSPA)

In accordance with SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026, and the Operational Guidelines issued by the Stock Exchanges (NSE Circular NSE/INSP/75508 dated July 31, 2026), Edel Investments Limited has adopted a Policy on Handling of Client's Unpaid Securities.

Key points for clients

- When you buy shares and do not pay for them in full, the shares are credited directly to your demat account and a pledge marked "unpaid" is created on them in favour of our Client Unpaid Securities Pledgee Account (CUSPA). No separate instruction from you is needed.
- We will inform you of every such pledge by email before trading begins on the next trading day after the pledge is created, with your outstanding amount and the shares pledged.
- You must pay your outstanding dues by 10 a.m. on the 5th trading day after the pay-out date. If you do not pay, we may, after giving you notice, sell the pledged shares to recover the dues. Any surplus will be credited to your ledger; any shortfall remains payable by you.
- Once you pay, the pledge on the shares no longer required is released by the next trading day.
- If we neither sell nor release the pledge, the Depository automatically releases it at the end of the sixth trading day after pay-out. This does not cancel your outstanding dues.
- Shares pledged in CUSPA are not used to give you any trading limit, and are never re-pledged to any bank, NBFC or Clearing Corporation.
- From January 03, 2027, in limited situations specified by SEBI (for example, a share stuck in a lower circuit or suspended), the pledge may be extended by up to one calendar week at a time. We will inform you of every extension.
- Shares bought under the Margin Trading Facility are governed separately by our MTF terms.

Contact for queries or grievances

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Policy on Handling of Client's Unpaid Securities

1. Background and regulatory framework

1.1 This Policy is framed pursuant to SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026 ("SEBI Circular") and the Operational Guidelines issued by the Stock Exchanges in consultation with SEBI, the Depositories and the Brokers' Industry Standards Forum, including NSE Circular NSE/INSP/75508 dated July 31, 2026 and the corresponding circulars of BSE Limited ("Operational Guidelines").

1.2 This Policy shall be read with the SEBI Master Circular for Stock Brokers, SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/82 dated June 03, 2025, and the operational guidelines and instructions of the Clearing Corporations and Depositories on direct pay-out of securities, creation and release of pledge, invocation of pledge, early pay-in and extension of pledge, each as amended from time to time.

2. Objective

2.1 To set out the circumstances, manner, timeline and extent of creation, invocation, extension and release of pledge on securities purchased by a client but not paid for in full, and the priority for release and invocation of such pledge, as required by Operational Guideline.

3. Scope and applicability

3.1 This Policy applies to all clients of the Company who purchase securities in the Capital Market segment of NSE and BSE and to whom pay-out of securities is made by the Clearing Corporation directly to the client's demat account.

4. Definitions

4.1 "CUSPA" means the demat account titled "Client Unpaid Securities Pledgee Account" opened by the Company with the Depository Participant(s) in accordance with the Operational Guidelines.

4.2 "CUSPA pledge" means the pledge created on unpaid securities in the client's demat account, with the reason "unpaid", in favour of the CUSPA.

4.3 "Unpaid securities" means securities that have not been paid for in full by the client, determined in accordance with clause 6.

4.4 "Pay-out date" means the date on which the securities are credited by the Clearing Corporation to the client's demat account.

4.5 "Trading day" means a day on which the relevant Stock Exchange is open for trading.

4.6 Words and expressions used but not defined in this Policy shall have the meanings assigned to them under the SEBI Circular, the Operational Guidelines and the SEBI Master Circular for Stock Brokers.

5. CUSPA account

5.1 The Company maintains a CUSPA in each Depository in which its clients hold demat accounts, namely NSDL DP ID IN303719 -11139813. The CUSPA is tagged and mapped as prescribed by the Depository and is used only for the purposes permitted under the SEBI Circular and the Operational Guidelines.

6. Determination of unpaid securities

6.1 Unpaid status shall be determined on the basis of the client's end-of-day clear ledger balance on the trade day. Funds out of such balance that are blocked for the client's existing margin obligations shall be excluded in determining unpaid status.

6.2 Where the client has paid only part of the purchase consideration, the Company shall create CUSPA pledge on the entire quantity of securities received in pay-out.

6.3 Illustrations of the determination of unpaid status are given in Annexure 1.

7. Creation of CUSPA pledge

7.1 Unpaid securities shall be paid out by the Clearing Corporation directly to the client's demat account, followed by an auto-pledge creation request with the reason "unpaid" in favour of the Company's CUSPA. No specific instruction from the client is required for creation of the CUSPA pledge.

7.2 The CUSPA pledge request is uploaded by the Company as part of the Clearing Corporation's direct pay-out process.

7.3 A CUSPA pledge shall be created only on unpaid securities and shall not be created in anticipation of future obligations.

8. Intimation of CUSPA pledge to the client

8.1 For every CUSPA pledge created, the Company shall send an intimation to the client by email at the email address registered with the Company, on or before the start of the next trading day after the pledge is created in the Depository system.

8.2 The intimation shall contain, at a minimum: (a) the client's ledger debit amount / outstanding funds and margin obligation; (b) the name and quantity of each security pledged in CUSPA; (c) information regarding the right of the Company to invoke the pledge and liquidate the unpaid securities if the client fails to meet the payment obligation; and (d) such other information as the Company considers appropriate.

8.3 The intimation may be issued as standalone communication. All pledges created on the same day may be covered in one consolidated intimation; a fresh intimation shall be sent for pledges created on any subsequent day.

9. Payment obligation and timeline

9.1 The client shall pay the full outstanding obligation in respect of unpaid securities by 10:00 a.m. on the Next trading day after the pay-out date. This period shall not in any case exceed five trading days from the pay-out date. The client has no right to defer payment for five trading days merely because that is the maximum period permitted.

9.2 The client may pay the outstanding obligation at any time before invocation. On receipt of payment, the excess CUSPA pledge shall be released in accordance with clause 11.

10. Margin reporting and prohibition on exposure

10.1 The value of securities pledged in CUSPA, valued in the same manner as securities pledged under the margin pledge mechanism (after applicable haircuts), may be considered for reporting client margin collection: for peak margin reporting, the maximum value pledged during the day; and for end-of-day margin reporting, the value remaining pledged at the end of the day.

10.2 The Company shall not provide any exposure to the client on the basis of securities pledged in CUSPA, including where the value of such securities increases beyond the debit balance or where part of the debit has been recovered. Free and unencumbered funds or collateral separately provided by the client may be considered for exposure in accordance with applicable margin requirements.

11. Release of excess CUSPA pledge

11.1 At the end of every trading day, the Company shall determine, client-wise: A = value of securities pledged in CUSPA (valued as in clause 10.1); B = aggregate clear ledger balance across all non-MTF ledgers of the client (debit balances negative, credit balances positive); and C = end-of-day margin obligation of the client across all segments.

11.2 Maximum Permissible CUSPA Pledge Value = 2.25 × (C − B).

11.3 Where A exceeds the Maximum Permissible CUSPA Pledge Value, the Company shall release the pledge on the quantity of securities corresponding to the excess value on or before the next trading day, through auto-release or a Company-initiated release. Where the calculation results in a fraction of a unit, the fraction need not be released.

11.4 Where the client's ledger debit and margin obligation both become nil, or where the credit ledger balance (B) exceeds the margin obligation (C), all CUSPA pledges of that client shall be released.

11.5 Securities for release shall be selected in the order set out in clause 15. A worked illustration is given in Annexure 1.

12. Invocation of pledge and liquidation of unpaid securities

12.1 If the client fails to meet the payment obligation within the timeline in clause 9.1, the Company shall invoke the CUSPA pledge and liquidate the unpaid securities to the extent required to recover the outstanding obligation together with applicable charges.

12.2 Before invocation, the Company shall give the client reasonable notice of at least S+4 days until 10.00 a.m. on the trading day of invocation by email.

12.3 Invocation shall be effected within five trading days from the pay-out date (or within the extended period under clause 13). On invocation, the securities shall be blocked for early pay-in in the client's demat account, with a trail maintained in the CUSPA, subject to pay-in validation to the extent of the client's delivery obligation, in accordance with SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/82 dated June 03, 2025.

12.4 The unpaid securities shall ordinarily be sold in the market under the Unique Client Code ("UCC") of the client. Where, after creation of the pledge, the client's trading account is frozen, or the UCC is marked "Not permitted to trade" or an equivalent status by the Stock Exchange, the invoked securities shall be credited to the demat account of the Company and sold under the Company's proprietary code, and pay-in of such securities shall be completed on the same day as the invocation.

12.5 Any surplus remaining after adjustment of the client's outstanding obligation shall be credited to the client's ledger. Any shortfall shall remain payable by the client.

12.6 Trades executed under the client's UCC for liquidation pursuant to invocation shall be identified in the remarks column of the contract note in accordance with NSE Circular NSE/INSP/27155.

13. Extension of pledge in exceptional circumstances (effective January 03, 2027)

13.1 Where unpaid pledged securities cannot be liquidated within five trading days after the pay-out date for any of the Permitted Reasons for CUSPA Pledge Extension ("PRCPE") listed in Annexure 2, the Company may request its Depository Participant, by 6:00 p.m. (or such extended time as the Depository may allow) on the fifth trading day after the pay-out date, to extend the pledge by up to one additional calendar week.

13.2 An extension shall not be sought merely because the client has requested more time, or for any other reason than a PRCPE. For PRCPE CUSPA01 (lower circuit with only sellers), the Company shall place sell orders for the securities.

13.3 A further extension of a similar period may be sought by 6:00 p.m. on the trading day immediately preceding the existing Pledge Expiry Date, only while the circumstances continue. No further extension shall be sought once those circumstances cease.

13.4 The new Pledge Expiry Date shall fall on the corresponding day of the next calendar week, or the next trading day if that day is a trading holiday. Invocation of an extended pledge is permitted up to the trading day immediately preceding the Pledge Expiry Date.

13.5 Each extension shall be intimated to the client by email on or before the start of trading on the next day after the extension in the Depository system, as a standalone communication or in the daily margin statement.

14. Auto-release

14.1 A CUSPA pledge that is neither invoked nor released within five trading days after the pay-out date shall be automatically released by the Depository at the end of the sixth trading day after the pay-out date, unless validly extended, and the securities shall become free balance in the client's demat account. The Company may release the pledge at any time before auto-release.

14.2 Auto-release of the pledge does not discharge the client's outstanding payment obligation to the Company.

15. Priority for release and invocation

15.1 Release and invocation shall be on a First-In-First-Out (FIFO) basis according to the date of creation of the respective CUSPA pledge where several pledges are created on the same date.

16. Prohibition on further pledge or transfer

16.1 Securities pledged in favour of the CUSPA shall not be pledged, re-pledged or transferred to any bank or NBFC for raising funds and shall not be re-pledged to a Clearing Corporation.

17. Communication of this Policy

17.1 This Policy is hosted on the Company's website https://eil.edelweissfin.com/.

17.2 This Policy, or a direct web-link to it, has been communicated to all existing clients to whom the CUSPA mechanism and is communicated to new clients as part of account opening or before the CUSPA mechanism is applied to them, by email, or other verifiable means.

17.3 Where a communication bounces or is undelivered, it shall be re-sent through an alternate channel, including physical delivery or electronic instant messaging services subject to NSE Circular NSE/INSP/52604.

17.4 Logs of all communications under this Policy shall be preserved for the period prescribed under applicable SEBI and Exchange requirements.

18. Grievance redressal

18.1 Clients may raise any grievance relating to this Policy with the Compliance Officer in accordance with the escalation matrix on the Company's website. Clients may also approach the Stock Exchanges, SEBI SCORES or the Online Dispute Resolution (Smart ODR) mechanism as available.

19. Review and amendment

19.1 This Policy shall be reviewed annually and whenever required by a change in regulation. Any revision shall be approved by the Board in accordance with the Company's internal governance framework and hosted on the website and communicated to all clients before it takes effect.

19.2 In case of any conflict between this Policy and the SEBI Circular, the Operational Guidelines or any instruction of SEBI, the Stock Exchanges, Clearing Corporations or Depositories, the latter shall prevail.

Annexure 1 – Illustrations

A. Determination of unpaid status

Scenario on trade day (T)	Outcome
Clear credit ₹100; buys ₹90; no other positions	Fully paid. No CUSPA pledge.
Credit ₹100, of which ₹60 blocked for margin; buys ₹100	Only ₹40 freely available. Unpaid; eligible for CUSPA pledge.
Credit ₹60; buys ₹100	Partly paid. CUSPA pledge on [entire quantity / unpaid portion] as per clause 6.2.

B. Maximum Permissible CUSPA Pledge Value

Client ledger debit ₹25,000 (B = −25,000); EOD margin obligation nil (C = 0). Maximum Permissible CUSPA Pledge Value = 2.25 × (0 − (−25,000)) = ₹56,250.

- If 10 shares valued at ₹10,000 each (A = ₹1,00,000) are in CUSPA, the excess is ₹43,750. Pledge on 4 shares (₹40,000) is released by the next trading day; the residual fractional value need not be released.
- If one share valued at ₹1,00,000 is in CUSPA, the pledge may be continued, as no whole unit corresponds to the excess.

C. Timeline (no holidays other than weekends)

Event	Day
Purchase (T)	Monday
Pay-out and CUSPA pledge creation	Tuesday
Pledge intimation to client	On or before the start of trading on Wednesday
Last day for invocation / first extension request (by 6:00 p.m.)	Following Tuesday (5th trading day after pay-out)
Auto-release if not invoked, released or extended	End of day, following Wednesday
Pledge Expiry Date after one extension	Wednesday of the week after

Annexure 2 – Permitted Reasons for CUSPA Pledge Extension (OG 10.2)

Code	Reason
CUSPA01	Security in lower circuit with only sellers
CUSPA02	Suspension or trading halt due to surveillance or any other reason
CUSPA03	Security under GSM and permitted only weekly/monthly trading
CUSPA04	Sale not permitted due to MII / SEBI instructions
CUSPA05	Sale not permitted due to orders of an authority other than MII / SEBI
CUSPA06	Sale not permitted due to PIT Regulations (insider trading restrictions including trading window closure)