# Client Unpaid Securities Pledgee Account (CUSPA) Policy

## Integrated Master Securities Private Limited

**Approved by Board on Jun 18, 2024**

**& Jun 25, 2025**

# Client Unpaid Securities Pledgee Account (CUSPA) Policy

## 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.

A Client Unpaid Securities Pledgee Account (CUSPA) is a demat account maintained by a trading member Integrated Master Securities Pvt. Ltd.(IMSL) 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 IMSL 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.

### A. Trade Execution and Fund Cut-off

- Market trade is settled on a T+1 basis, where T refers to the trading day.
- Clients are expected to fulfil their payment obligations by 08:00 AM on T Day.
- If funds are received after 08:00 AM on T+1 Day the trade will be treated as unpaid as at T+1 day.

### B. Stock Balance Consideration

- On T+1 Day, only the stock balance as of 8:00 AM in the client's demat account will be considered for settlement.
- On T+1, if payment has not been received, the corresponding securities will be pledged in favor of IMSL CUSPA account.

### C. Pledge Creation for Unpaid Securities

- The securities will be delivered to the client's demat account on T+1 but will be auto-pledged
  in favor of IMSL 's CUSPA A/c.
- Securities pledged will be equal to 133% of the client's debit obligation. Any additional securities beyond the required coverage will be unencumbered and free in the client's account.

### D. Client Notification

- The client will be informed through email, SMS, and/or trading platform notification about the pledge status and their outstanding obligation.

**E.** Payment Window and Release Conditions

- The client is given up to T+1+4 trading days to clear the debit by remitting funds.
- If clear funds reflect in the client's ledger by 3:00 PM on any day after T+1 day, the pledged securities will be released and made available as a free balance in the client's demat account by end of day.

**F.** Liquidation of Securities

- If no payment is received by T+1+4, IMSL will initiate the sell of pledged securities on T+1+5.
- The proceeds from such liquidation will be used to recover:
  - Purchase consideration
  - Any interest or penalty charge

**G.** 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.

**For Integrated Master Securities Private Limited**

**Sd/-**

**S.C. Khaneja**

**Director**