

Internal Policy for CUSPA Account

Version 1, dated 28th July 2025

1. Purpose and Scope

This policy outlines the procedures and guidelines for managing the Client Unpaid Securities Account (CUSPA) within Shree Naman Securities and Finance Pvt. Ltd. (SNSF). It applies to all employees involved in the handling, management, and administration of CUSPA.

2. Regulatory Compliance

- Ensure all activities related to CUSPA comply with the relevant regulations set by the Securities and Exchange Board of India (SEBI) and other applicable laws.
- Regularly review and update this policy to reflect any changes in regulatory requirements.

3. Account Setup and Maintenance

- **Account Opening:** CUSPA should be opened in accordance with SEBI regulations and should only be used for the purpose of holding unpaid securities of clients.
- **Documentation:** Maintain accurate records of all transactions, client details, and unpaid securities held in CUSPA.
- **Segregation of Accounts:** Ensure CUSPA is clearly segregated from other client accounts to prevent commingling of securities.

4. Handling of Unpaid Securities

- **Transfer of Securities:** Upon non-payment by the client, securities will be transferred to CUSPA in accordance with the timelines specified by SEBI. An appropriate haircut specific to the security will be levied with a minimum of 20%.
- **Communication:** Inform clients on their phone number promptly regarding the release of their securities from CUSPA or the Sale of their Securities from the CUSPA account in accordance with the rules laid down by SEBI.
- **Release or Sale of Securities:** The Securities in the CUSPA account will be sold if the client fails to pay the debit balance within the stipulated time frame as laid out by SEBI. In this case, it is T+5 where T = transaction date. If the Client clears the debit balance within the timeframe, his/her Securities will be released (unpledged) within T+1 days (where T is the date of receipt of the dues) and the same will be communicated to the Client. If the Client does not clear the debit balance by T+6, the Securities will be sold, and the Client will be informed of the same.
NO CUSPA TRANSACTION WILL BE LEFT WITHOUT ACTION.
- **Client Instructions:** Execute any client instructions regarding the disposal or retrieval of securities held in CUSPA in a timely and compliant manner.

5. Monitoring and Reporting

Member of: Bombay Stock Exchange. National Stock Exchange. Central Depository Services (India) Ltd.

NSE/BSE Reg. No. INZ000283937, CDSL SEBI Registration No: IN-DP-CDSL-365-2006

FOR PAYIN: CMBPID - BSE IN653760, NSE IN562236

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- **Daily Reconciliation:** Perform daily reconciliation of securities held in CUSPA to ensure accuracy and compliance.
- **Reporting:** Submit required reports to SEBI and other regulatory bodies as per the prescribed formats and timelines.
- **Audit:** Conduct regular internal audits of CUSPA activities to ensure adherence to this policy and regulatory standards.

6. Risk Management

- **Risk Assessment:** Regularly assess the risks associated with holding unpaid securities in CUSPA, including market risk, credit risk, and operational risk.
- **Mitigation Measures:** Implement risk mitigation measures, such as setting clear limits on the duration that securities can be held in CUSPA and ensuring timely liquidation or retrieval of securities. In this case, the latest an action must be taken is T+6 working days.

7. Client Interaction

- **Client Education:** Provide clients with clear information about CUSPA, including its purpose, the conditions under which their securities may be transferred to CUSPA, and the steps they need to take to retrieve their securities.
- **Grievance Redressal:** Establish a process for clients to raise concerns or disputes related to CUSPA and ensure these are addressed promptly and fairly.

8. Record Retention

- Maintain records related to CUSPA transactions, client communications, and regulatory filings for a minimum period as prescribed by law or internal policy.

9. Policy Review and Updates

- **Periodic Review:** Review this policy at least annually or more frequently if required due to regulatory changes or operational needs.
- **Amendments:** Any changes to this policy must be approved by the appropriate authority within the firm and communicated to all relevant staff.

10. Employee Training

- Provide training to all relevant employees on the procedures and regulations related to CUSPA to ensure they understand and comply with this policy.

Approval and Effective Date:

- This policy is approved by Shree Naman Securities and Finance Pvt. Ltd.'s Management on 25th June 2024 and is effective from 1st July 2024.

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