HANDLING CLIENT'S UNPAID SECURITIES

POLICY

JK SECURITIES PRIVATE LIMITED

Version 1.3 (2026)

FOR INTERNAL USE ONLY

POLICY ON HANDLING CLIENT'S UNPAID SECURITIES

1. BACKGROUND AND OBJECTIVE

In accordance with SEBI guidelines vide circular no. SEBI/ HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026 (including the Master Circular for Stock Brokers and subsequent circulars on handling of client securities) , NSE circular no- NSE/INSP/75508 , BSE circular no -20260731-12 and Depository (CDSL/NSDL) directives, **JK Securities Pvt Ltd.** (hereinafter referred to as "the TM") has formulated this policy for handling client securities in case of non-payment or partial payment of dues by the clients.

The objective of this policy is to ensure compliance with regulatory frameworks while protecting the financial interests of the TM and providing transparency to clients regarding the handling of their unpaid securities.

2. DEFINITIONS

- **CUSPA:** Client Unpaid Securities Pledgee Account opened by the TM with the Depository.
- **Pay-out Day:** The day on which securities are received from the Clearing Corporation.
- **Unpaid Securities:** Securities purchased by a client for which clear funds are not received by the TM within the stipulated settlement timelines.

PROCESS TO BE FOLLOWED BY JK SECURITIES PVT LTD.

1. DIRECT PAYOUT TO CLIENT DEMAT ACCOUNT & AUTO-PLEDGE

- **Direct Payout:**

All securities received in pay-out shall be directly transferred to the respective client's Demat account.

Creation of Auto-Pledge:

JK SECURITIES PVT. LTD. * ANAND *

For trades not covered under the Margin Trading Facility ("MTF"), where the client fails to make full payment for the purchased securities and/or fund not realized by 8.30 am on T+1 Day, such securities shall be reported to the Clearing Corporation ("CC") on T+1 Day.

As part of the direct payout process, the CC shall credit such unpaid securities to the client's demat account, followed by the creation of an auto-pledge in favour of the TM's CUSPA account

Determination of Unpaid Status of Securities :

For the purpose of determining whether securities remain unpaid, the end-of-day clear ledger balance of the client shall be considered.

The resulting balance shall be considered for determining the extent of the client's payment obligation and the corresponding unpaid securities. As per the Company's internal policy, the value of securities pledged shall be equivalent to 125% of the client's clear debit balance.

In the case of NRI accounts, no unpaid securities shall be pledged or held in favour of CUSPA.

Partial Payment :

In cases where the client has made only partial payment towards the purchase of securities, the Company shall request the CC to mark a CUSPA pledge on only such quantity of securities forming part of the payout as is proportionate to 125% of the clear debit balance in the client's account, instead of pledging all securities forming part of the payout.

2. **Communication to Client:**

For all CUSPA pledges created, the TM shall communicate the requisite information as mentioned in regulatory guideline to the client, including the TM's right to invoke the pledge and liquidate the unpaid securities in the event of the client's failure to fulfill its payment obligations.

Such communication shall be sent to the client at their registered email address on or before the commencement of the next trading day following the creation of the CUSPA pledge.

3. **Timeline for release of pledge :**

- The client is required to pay the full outstanding clear funds against the purchased securities immediately, but not later than **5 Trading Days** from the Pay-out day (T+5 days).
- Upon receipt of full clear funds from the client, the TM shall initiate the 'Unpledge/Release' instruction in the Depository system.
- If funds are received and cleared, the securities will be released on the **same trading day or latest by the next trading day (T+1).**

Release of excess CUSPA pledged securities :

At the end of each trading day, the TM shall review the excess pledged securities on a client-wise basis and release the appropriate quantity of securities corresponding to the excess value on or before the next trading day.

The calculation of excess securities shall be carried out as follows:

A = Value of the securities pledged in CUSPA - as valued under Margin Collection and Reporting purpose.	B = Aggregate clear debit ledger balance of the client across all non-MTF ledgers	The maximum value of securities that may remain pledged in CUSPA shall be: = 1.25 × B

As a result of aforesaid calculation, if any fraction of unit/quantity of securities to be released then TM shall not release fraction of unit/quantity and same will be retained.

Priority for release and invocation of securities :

The TM shall release and invoke the securities based on FIFO (First in First out) method i.e. Securities pledged first will be released/invoked first.

JK SECURITIES PVT. LTD. * ANAND *

4. Invocation of Pledge and Liquidation of Unpaid Securities

If the client fails to meet the full payment obligation within 5 trading days from the pay-out day, the TM shall invoke the pledge and liquidate/sell the unpaid securities in the market on the 6th trading day to recover the outstanding dues.

The TM shall give a prior notice of at least **one trading day** to the client via Email / SMS before initiating the liquidation/sale of securities.

The unpaid securities shall be sold in the market using the Unique Client Code ("UCC") of the respective client.

The proceeds from such liquidation will be used to recover:

Purchase consideration

Any interest or penalty charge

Where the client's trading account is frozen, or the client's trading code is marked as "Not permitted to trade" or an equivalent status by the Stock Exchange after creation of the pledge, the invoked securities shall be credited to the demat account of the TM and sold under its proprietary code.

Any shortfall arising out of the liquidation of securities shall be debited to the client's ledger account. Any profit/surplus, if any, shall be credited to the client's account.

5. **Margin Reporting , Exposure and Re-Pledging : -**

Securities held in CUSPA will be considered for margin reporting as mentioned under

Peak Margin Reporting- the maximum value of CUSPA securities pledged during the day

End-of-Day Margin Reporting - the value of CUSPA securities remaining pledged in the Depository system at the end of the day

JK SECURITIES PVT. LTD. * ANAND *

Valuation of securities held in CUSPA shall be carried out in the same manner as securities pledged under the margin pledge mechanism prevailing from time to time.

Securities marked under CUSPA pledge shall **not** be considered for granting any further trading exposure, margin benefits, or limits to the client. Further it shall not be re-pledged or transferred to any bank or Non-Banking Financial Company ("NBFC") for raising funds.

6. **Auto release of Pledge**

As per regulatory mandates, if the TM does not invoke or liquidate the pledged securities within 5 trading days, the Depository shall **automatically release (Auto-Release)** the pledged securities at the end of 6th trading day after the payout date to the client's free balance.

7. **Corporate actions**

All corporate benefits (such as Dividends, Bonus shares, Stock Splits, Rights Issues) arising on the securities held under CUSPA pledge shall accrue directly to the client's Demat/Bank account as per depository guidelines.

8. **Exceptional Circumstances :**

Incase invocation is not possible due to circumstances beyond it's control viz imposition of lower circuit on the scrip, trading halt, MII recognized exceptional conditions, etc., TM shall submit an extension request to the Depository in the manner specified.

9. **Pledge Charge**

Auto-pledge charges are Rs.25/- excluding GST per ISIN.

10. **Amendment and Review**

This policy shall be reviewed periodically by the Compliance Officer and management of the TM to incorporate any subsequent changes, amendments, or clarifications issued by SEBI, Stock Exchanges, or Depositories. The policy of TM shall be hosted on its Website as well as

communicated to newly on boarded client as a part of account opening process or through a direct web link by way of sms/email

For, JK Securities Private Limited





Mr. Pranav Patel

Managing Director