SEBI circular HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated 03 July 2026 · NSE Circular 41/2026 (NSE/INSP/75508) dated 31 July 2026

Policy on Handling of Clients' Unpaid Securities

How PCJ Holdings handles securities you buy but have not fully paid for: the auto-pledge to our Client Unpaid Securities Pledgee Account (CUSPA), the five-trading-day payment window, release, invocation and sale.

PCJ Holdings Pvt. Ltd. · 803, Nirmal Tower, Barakhamba Road, Connaught Place, New Delhi – 110 001 · www.pcjholdings.in
SEBI Regn. INZ000068536 · NSE 13096 · BSE 6356 · MCX 57170 · NSDL DP IN-DP-279-2016 · DP ID IN303913 · AMFI ARN-63632 · APMI APRN-07054

1. PURPOSE, BASIS AND EFFECT

This policy sets out how PCJ Holdings Private Limited ("PCJ", "we") handles securities purchased by a client that are not fully paid for, under paragraph 46 of the SEBI Master Circular for Stock Brokers dated 17 June 2025 as substituted by SEBI circular HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated 03 July 2026, read with the Operational Guidelines issued by NSE under Circular 41/2026 (NSE/INSP/75508) dated 31 July 2026. Paragraphs 46.1 to 46.11 are in force from 31 October 2026; the provisions for extension of the pledge in exceptional circumstances (paragraphs 46.12 to 46.14) take effect from 03 January 2027.

This policy forms part of our Risk Management framework and is to be read with the Risk Management Policy. It is hosted on www.pcjholdings.in, is communicated to every existing client and to every new client before the framework is applied to them, and prevails over any older description of unpaid-securities handling in our documents.

2. WHAT COUNTS AS UNPAID SECURITIES

Securities purchased by a client otherwise than under the Margin Trading Facility, to the extent the client's funds obligation has not been met, are "unpaid securities". Unpaid status is determined on the client's end-of-day clear ledger balance across all non-MTF ledgers; funds already blocked for existing margin obligations are excluded from that balance.

Securities that are fully paid for are never pledged to the CUSPA account, and no pledge is created in anticipation of a future obligation. Where a client has partly paid, the pledge is limited in accordance with the operational guidelines.

3. CREATION OF THE CUSPA PLEDGE

- **Direct pay-out and auto-pledge.** Securities are given direct pay-out to the client's own demat account. Unpaid securities are simultaneously auto-pledged — without any further instruction from the client — in favour of our CUSPA, a designated demat account opened and tagged with NSDL for this sole purpose, with the reason recorded as "unpaid". The pledge is created as part of the Clearing Corporation's direct pay-out process.
- **Intimation to the client.** On or before the start of the next trading day on which a CUSPA pledge is created, we send the client an intimation by e-mail and/or SMS (or other verifiable electronic mode) stating: (i) the ledger debit / outstanding funds obligation; (ii) the name and quantity of the pledged securities; and (iii) our right to invoke the pledge and sell the securities if the obligation is not met. Pledges created on the same day may be covered by one consolidated intimation; a log of every intimation is maintained. An intimation that bounces is re-sent through an alternate verifiable channel.

4. MAXIMUM TIME FOR PAYMENT

The client must clear the funds obligation within five trading days from the pay-out date — the maximum permitted by SEBI. On payment, the corresponding pledge is released on or before the next trading day.

5. DAILY MONITORING AND RELEASE OF EXCESS PLEDGE

At the end of every trading day we compute, for each client: A = value of CUSPA-pledged securities (valued per the margin-pledge valuation norms); B = aggregate clear ledger balance across all non-MTF ledgers; and C = end-of-day margin obligation across all segments. The maximum value that may remain pledged is 2.25 × (C − B). Where A exceeds that maximum, the excess quantity is released on or before the next trading day (fractional units may be retained). Where the ledger shows no obligation, all CUSPA pledges of that client are released.

Priority. Release and invocation follow a first-in-first-out (FIFO) order by date of pledge creation, unless a different order is required by the circumstances of a specific case and recorded with reasons.

6. INVOCATION AND LIQUIDATION

- **Notice.** If the client does not meet the obligation within the period in paragraph 4, we invoke the pledge and liquidate the securities. Reasonable prior notice of invocation is given by a verifiable mode (ordinarily on or before the fourth trading day after pay-out, and in any case before liquidation); a log of every notice is maintained.
- **Mechanics.** On invocation the securities are blocked for early pay-in in the client's own demat account, with the trail maintained in our CUSPA account, subject to pay-in validation against the client's delivery obligation. The securities are sold in the market under the client's own UCC. Where the client's trading account is frozen or the trading code is marked "not permitted to trade" after creation of the pledge, the securities are credited to our demat account and sold under our proprietary code with pay-in completed the same day. Any surplus after meeting the client's obligation is credited to the client's ledger.
- **Contract notes.** Liquidation trades under the client's UCC are identified in the remarks column of the contract note, in accordance with the Exchange norms on member-initiated square-off trades.
- **Timing.** Invocation is permitted only within five trading days from the pay-out date. We are not obliged to wait until the fifth trading day where the client agrees to earlier liquidation or where regulatory or Exchange directions require earlier action.

7. AUTO-RELEASE

If a CUSPA pledge is neither invoked nor released within five trading days after the pay-out date, the Depository releases it automatically at the end of the sixth trading day, and the securities become free balance in the client's demat account. We may release the pledge at any time before auto-release.

8. WHAT WE NEVER DO WITH CUSPA SECURITIES

- No exposure, limit or further leverage is ever granted on securities pledged to the CUSPA account, even though their value may be counted for margin-collection reporting as the Exchanges permit.
- Securities pledged to the CUSPA account are never pledged, re-pledged or transferred to any bank, NBFC or clearing corporation to raise funds or margin.

9. EXTENSION IN EXCEPTIONAL CIRCUMSTANCES (FROM 03 JANUARY 2027)

Where pledged unpaid securities cannot be liquidated within five trading days after pay-out for a permitted reason, we may request our Depository Participant to extend the pledge by up to one additional calendar week, by 6:00 p.m. on the fifth trading day after pay-out, citing a Permitted Reason for CUSPA Pledge Extension:

Code	Permitted reason
CUSPA01	Security in lower circuit with only sellers (sell orders having actually been placed)
CUSPA02	Suspension or trading halt
CUSPA03	Security under GSM with only periodic trading
CUSPA04	Sale not permitted due to MII / SEBI instructions
CUSPA05	Sale not permitted due to orders of another authority
CUSPA06	Sale restricted under the PIT Regulations (including trading-window closure)

Further extensions of similar length may be sought while the circumstances continue; once they cease, no further extension is sought. Every extension is communicated to the client on or before the start of trading on the next day, with a log maintained. An extension is never sought merely because the client has asked for more time.

10. PUBLICATION, COMMUNICATION AND RECORDS

- The policy is hosted on www.pcjholdings.in. It has been communicated to all existing clients to whom the framework applies, by e-mail / SMS with a direct link, and is provided to every new client as part of the Account Opening Kit or by verifiable electronic means before the framework is applied; delivery logs are maintained. A change takes effect only after it is hosted on the website and communicated to clients.
- Logs of pledge creations, intimations, notices, invocations, releases, extensions and client communications are maintained in accordance with the prescribed preservation norms.

- This policy is to be read with the Rights and Obligations of Stock Broker and Client, our Policies and Procedures, the Most Important Terms and Conditions and our Risk Management Policy. Where the prescribed standard texts refer to an earlier framework or a longer retention period for unpaid securities, the five-trading-day framework above governs.

ANNEXURE — CLIENT COMMUNICATION FORMATS

- **E-mail / message to all existing clients (one-time).** "Dear Client, SEBI has revised the framework for handling securities you purchase but have not fully paid for (SEBI circular dated 03 July 2026, effective 31 October 2026). Such securities are credited to your own demat account and auto-pledged to our Client Unpaid Securities Pledgee Account (CUSPA) until payment, which must reach us within five trading days of pay-out, failing which the securities may be sold after notice. Our policy is available at www.pcjholdings.in. — PCJ Holdings Pvt. Ltd., SEBI Regn. INZ000068536"
- **SMS (short form).** "PCJ Holdings: SEBI's revised framework for unpaid securities applies from 31-Oct-2026. Unpaid purchases are auto-pledged to our CUSPA a/c until payment (max 5 trading days from pay-out). Policy: www.pcjholdings.in"
- **Pledge-creation intimation (per occurrence).** "Dear Client, securities [name / quantity] purchased by you have been credited to your demat account and pledged to our CUSPA account, reason: unpaid. Your outstanding funds obligation is Rs. [amount]. Please pay within five trading days of pay-out, failing which we may sell the securities after notice, in terms of our policy at www.pcjholdings.in."

OWNERSHIP AND REVIEW

- **Owner:** Compliance Officer, Mr. Phool Chand Jain (011-4351 2500, pcjain2662@yahoo.com). Investor grievances: grievances@pcjholdings.in.
- **Approval:** Board of Directors.
- **Review:** at least once a year, and whenever SEBI, the Exchanges or NSDL change the underlying requirement.
- **Publication:** www.pcjholdings.in/download-center. Clients are informed of any material change before it takes effect.