Policy on Handling of Client's Unpaid Securities (CUSPA Policy)

Objective

This Policy sets out the framework adopted by Groww Invest Tech Private Limited (GIT), being a Qualified Stock Broker (QSB), for handling client's unpaid securities through the Client Unpaid Securities Pledgee Account ("CUSPA") mechanism. It covers the circumstances, manner, timeline, and extent for the creation, invocation, extension, and release of CUSPA pledges.

The policy is prepared in accordance with SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026 and NSE Circular NSE/INSP/75508 (Ref. No. 41/2026) and BSE notice no. 20260731-12 dated July 31, 2026 respectively.

Scope

This Policy applies to all non-MTF trades where securities have not been paid for in full by the client. This Policy has to be read in conjunction with the Risk Policy of GIT.

Creation of CUSPA Pledge

1. For any unpaid securities, pay-out will be made directly to the client's demat account followed by an auto-pledge creation request with the reason "unpaid" in favour of GIT's CUSPA account, without any specific instruction from the client
2. The CUSPA pledge will be created as part of the Clearing Corporation (CC) direct pay-out process
3. Determination of unpaid status: The end-of-day clear ledger balance will be considered. Any portion of that balance blocked (used) for the client's existing margin will be excluded when determining unpaid status
4. CUSPA pledge will not be initiated in anticipation of future obligations — only unpaid securities are eligible
5. In case of partial payment by the client, GIT may request the CC for CUSPA pledge marking on all shares to be received as part of payout, as adopted under its Risk Management Policy

Policy on Handling of Client's Unpaid Securities (CUSPA Policy)

Communication to Client:

1. For all CUSPA pledges created, GIT will communicate the required information via email, SMS, both, or electronic instant messaging services (adhering to safeguards under NSE/INSP/52604 dated June 10, 2022) at the client's registered contact details. Logs of communication will be preserved.
2. The communication will be sent on or before the start of the next trading day on which the pledge is created in the Depository system.
3. Pledges created on the same day may be sent as a consolidated communication; a fresh communication is required for pledges created on a subsequent day

Priority for Release and Invocation:

GIT will select securities basis maximum loss for liquidation. In case of no loss, it will be on a First In First Out (FIFO) basis, based on the date of creation of the respective CUSPA pledge. In case of multiple securities where CUSPA pledge is created on the same date, the stock with maximum loss will be sold first. However, in case the stock basis FIFO logic could not be sold due to less liquidity or due to security in lower circuits or any other reason, then we may sell any other security to clear the outstanding debits.

Notwithstanding anything contained in this Policy, GIT reserves the right to take such action as it deems fit to safeguard its interest in accordance with its Risk Policy or as a risk management measure.

Margin Reporting and Prohibition on Exposure

The value of CUSPA securities may be considered for margin reporting:

- Peak Margin Reporting: maximum value pledged during the day;
- End-of-Day Margin Reporting: value remaining pledged at end of day.

Valuation will be carried out in the same manner as securities under the margin pledge mechanism.

No exposure will be provided to the client on the basis of CUSPA securities — even if their value increases or partial debit is recovered. Only free and unencumbered additional funds/collateral provided by the client may be considered for exposure in accordance with applicable margin guidelines.

Policy on Handling of Client's Unpaid Securities (CUSPA Policy)

Release of Excess CUSPA Pledge

At the end of every trading day, on a client-wise basis, GIT will determine:

- A = Value of securities pledged in CUSPA (valued as per Section 7);
- B = Aggregate clear ledger balance across all non-MTF ledgers (debits negative, credits positive);
- C = End-of-day margin obligation across all segments

Maximum Permissible CUSPA Pledge Value = 2.25 × (C – B)

If A exceeds the Maximum Permissible CUSPA Pledge Value, GIT will release the pledge on the appropriate quantity corresponding to the excess on or before the next trading day. Fractional units need not be released and may be retained.

If the ledger debit and margin obligation become zero, all remaining CUSPA pledges will be released

Invocation of Pledge and Liquidation

Timeline for payment: The client must meet the payment obligation within T+1 days post which pledge will be invoked for liquidation.

Before invocation, GIT will provide reasonable notice to the client through an email/SMS/PN or any verifiable mode of communication..

Upon invocation, the operational mechanism under SEBI Circular will be followed:

- Invoked securities will be blocked for early pay-in in the client's demat account, with a trail maintained in GITs CUSPA account;
- Pay-in blocks will be subject to pay-in validation (only to the extent of the client's delivery obligation).

Unpaid securities will ordinarily be sold using the client's UCC. Where the client's trading account is frozen or marked "Not permitted to trade," the invoked securities will be credited to GITs demat account and sold under the proprietary code — in such cases pay-in will be completed on the same day as invocation. Any surplus after adjustment will be credited to the client's ledger.

Liquidation trades will be identified in the remark column of the contract note.

Policy on Handling of Client's Unpaid Securities (CUSPA Policy)

Auto-release of Pledge

Where a CUSPA pledge is neither invoked nor released within five trading days after the pay-out date, it will be automatically released by the Depository at the end of the sixth trading day after the pay-out date.

GIT may request release at any time before auto-release.

Where a valid extension is processed, auto-release will be deferred for the approved extension period

Prohibition on Further Pledging or Transfer

Securities pledged in favour of GIT's CUSPA will not be pledged, re-pledged, or transferred to any bank, NBFC, or Clearing Corporation for raising funds

Extension of Pledge in Exceptional Circumstances

In exceptional circumstances where unpaid securities cannot be liquidated within five trading days, GIT may request its DP by 6:00 p.m. on the fifth trading day after the pay-out date for an extension of up to one additional calendar week, citing a Permitted Reason for CUSPA Pledge Extension.

Further extensions may be sought for similar periods only if circumstances continue; once the circumstances cease, no further extension will be sought. Subsequent extension requests must be submitted by 6:00 p.m. on the trading day immediately preceding the existing Pledge Expiry Date

Each extension will be communicated to the client (email/SMS/instant messaging) on or before the start of trading of the next day of the pledge extension. Logs will be preserved

Extensions will only be sought for the permitted reasons.

Interpretation

This Policy will be read in conjunction with the SEBI Circular and other applicable circulars, guidelines, and instructions issued by SEBI, the Stock Exchanges, Clearing Corporations, and Depositories from time to time and inline with GIT’s risk policy.