CLIENT CODE MODIFICATION POLICY

Client code modification means modification of client code after the execution of trade. The stock exchange provides a facility to modify the client code to rectify an error. The modification should be done within the Stock Exchange guidelines and to ensure this the following policy should be implemented.

Only the following type of client code modifications are allowed

1. Modification from client code to ERROR Code – This shall be allowed in case of dealing error like – buy instead of sale & vice versa, Execution away from the price / spread stipulated by client, executed different stock than the client order, executed more quantity than the client order and similar dealing errors which will not be accepted by clients.

2. Modification of client code from client A to Client B – We deal only with institutional clients who do custodial settlement, the SEBI & Exchange rules permit client code changes of this nature where the erroneous code & the modified code pertain to institutional clients. This should be allowed when the dealer executes the trade in incorrect client code.

Client Code Modification Process - Steps to be followed for client code modification:

1. As is stipulated by the regulation, ERROR Code should be uploaded on the exchange UCI Website of both NSE & BSE
2. In case of any error which require client code modification, the respective dealer should send a request for client code modification to the compliance officer
3. The compliance officer should check the details of the client code modifications and permit the same if they are allowed as mentioned above.
4. In case of dealing errors - The trade should be modified to the designated ERROR code at the exchange level and should be squared off in ERROR code the same day.
5. In case the dealing error is identified after market close and cannot be squared-off on the same day then the same should be done in the next trading session.
6. In case of erroneous client code used at the time of placing order, the client code should be changed from the erroneous client code to the actual client code in which the trade should have been executed.
7. All records with respect to the client code modification should be duly maintained for future reference and audits

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SOP in order to avoid / minimise instances of client code modifications

- ➢ All dealers to be duly sensitised to increase the diligence at the time of order execution.
- ➢ All dealers to have access to their respective call logs and they should refer to the call logs in case of any confusion about the order placed by client
- ➢ Price alerts to be enabled whereby the trading software should prompt an alert if the order price is significantly away from the last traded price.
- ➢ Periodic review of inactive clients to be done for marking in CTCL Surveillance system.
- ➢ Compliance officer to analyse the nature of errors that warrant client code modification and implement necessary corrective measures to avoid / minimize such instances.

The policy should be reviewed and suitably amended if any change in client code modification regulations is implemented by the regulators / exchanges in future.

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