

RAJESH BAHETI

1303, 13th Floor Lodha Supremus, Dr. E. Moses Road, Worli Naka, Worli, Mumbai 400 018 Tel.
No.: (022) 24825700 Fax No.: (022) 24901323

POLICY ON CLIENT CODE MODIFICATIONS & ERROR ACCOUNT POLICY

Circular Ref: FMC/2/2011/C/0011 dated September 28, 2011

Updated as per SEBI/HO/CDMRD/DMP/CIR/P/2016/73 dated August 19, 2016

Reviewed on 06th May 2016

Reviewed on 10th January, 2017

The below mentioned policy on modification of Client codes in various Trades has been first approved by the Proprietor on 10th July, 2011 and further updated and reviewed on 4th January, 2017. All the employees are required to follow the same and take due care for its proper implementation.

No client code modification will be allowed to be done other than as allowed by the Exchange / SEBI. The following policy is being laid down for clarity and avoid confusion:

1. The modification to the client code should not be encouraged to the clients except for cases where 'Communication errors'/'punching errors'/'typing errors' have occurred and such modification should be carried out only at the head office. The client / branch should inform the head office of the error during the market hours / time allowed by exchange to update the errors, so that appropriate corrections may be informed to the exchange. Penalty debited by the exchange for the modifications made would be debited to the respective client / branch / dealer due to which the error has been made. In cases where a genuine error has occurred and the same is not known within the time period allowed by the exchange to rectify the errors, then such transactions should be transferred to the Error Account and the same should be liquidated only in the Error account as per the directions of the Proprietor and shall not be shifted to some other client codes. The exchange would also be required to inform about the modification by sending an email / letter to the exchange regarding the error made and the modification being carried out by the broker. The responsibility for settlement of the error account transaction is of the broker and the profit / loss on such transaction should be borne by the broker only.

However, Proprietary Trades shall not be allowed to be modified as Client Trades and vice versa.

2. The reason for modification will be analyzed and only after establishing the genuineness of modification and the modification would be made. If voice recording is in practice, then the same would also be studied.

Regd Office: Shop F-35, Ratan Mall Shopping Complex, Chaderghat High School Lane, Abids,
Hyderabad Andhra Pradesh Pin Code: 500 001 Tel. No.: (040) 64528590



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3. Normally as a principle, other than for punching errors, no modification to the client codes be allowed.
4. It is imperative that the modification should be carried out after the same is approved by the Proprietor and only after his approval, the modification should be carried. The facility to modify the client codes should be available only with the Compliance Officer / Risk Manager at the head office and cannot be carried out at any branch/franchise/sub-brokers office.
5. Training program to be conducted to appraise Dealers about misuse of client code modification and also to train them so that errors are reduced while inputting of orders.
6. It shall be ensure that modification of Client Codes be covered in Internal Audit of Broker.

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