

POLICY ON CLIENT CODE MODIFICATIONS & ERROR POLICY

Policy made 10th July, 2011
Reviewed on 22nd July, 2013
Reviewed on 09th September, 2014
Last Reviewed on 16th October, 2023

The below mentioned policy on modification of Client codes in various Trades has been first approved by the Board of Directors in their meeting held on 10th July, 2011 and further reviewed on 09th September, 2014. The policy is now reviewed on **16th October, 2023**

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:

"Error Trades" means the trades which will be modified / to be modified / allowed to be modified subject to guidelines of the SEBI / Stock Exchanges. Accordingly Members are permitted to change client codes of non-institutional clients only for the following objective criteria:

- a) Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other.
- b) Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).

General Conditions:

- Any transfer of trade (institutional or non-institutional) to error account of the broker would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in error account are subsequently liquidated in the market and not shifted to some other client code.
- For easy identification of error account, members are required to register a fresh client code as "ERROR" in the UCC database of the Exchange for the account which is classified by them as error account.
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- Members are required to inform the Exchange on a daily basis by end of day, the reasons for modification of client codes of non-institutional trades based on the aforesaid objective criteria, which shall be taken into consideration at the time of inspection.



1. The modification to the client code should not be encouraged to the clients except for cases where 'punching errors'/'typing errors' have occurred and such modification should be carried out only at the head office. The client / branch / franchise / sub-broker 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 / franchise / sub-broker / 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 Director of the company. 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.
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.
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 Director 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. In case of modifications that have been reported after the closure of the direct modification time with the exchange then the same is taken to the Error account with the directors permission to make change in the back office. 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.



Penalty:

All cases of modification of client codes of non-institutional trades executed on the Exchange and not transferred to broker error account, shall be liable for a penalty of 1% of value of non-institutional trades modified if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month.

The penalty or fine, if any, levied on Crosseas Capital securities Pvt. Ltd. for any wrong trade occurred due to any miscommunication from the client / authorized representative of the client shall be borne by the client.

Members and employees of Crosseas Capital securities Pvt. Ltd. are requested to execute the trades after being very sure about the Codes of the client and the RMS is strictly advised to modify client codes of trades only to rectify genuine error in entry of client code at the time of placing /modifying the related order.

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