

**CODE MODIFICATION AND ERROR TRADE**  
**POLICY**

**SHUBHAM STOCK BROKING SERVICES PRIVATE**  
**LIMITED**

## CLIENT CODE MODIFICATION AND ERROR CODE POLICY

### Objective

The main objective of the policy is to deal with modification of client code after the Execution of trade and to create an awareness amongst the relevant staff such as Dealers, Branch In charge, Compliance Officer etc.

### Background

SEBI vide its circular no. CIR/DNPD/6/2011 dated July 5, 2011 and National Stock Exchange vide circular nos. NSE/INVG/2011/18281 dated July 5, 2011, NSE/INVG/2011/18484 dated July 29, 2011 and NSE/INVG/2011/18716 dated August 26, 2011 directed that modifications of client codes of non-institutional trades are done only to rectify a genuine error in entry of client code at the time of placing /modifying the related order.

Accordingly, for the client code modification done on the Exchange system, the Exchange penalizes as per SEBI defined penalty structure. And in addition, the Stock Exchanges have been directed to conduct a special inspection to ascertain whether the modifications of client codes are being carried on as per the strict objective criteria set by the Stock Exchange.

### Terms used in this policy

1. **Genuine errors:** Errors 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.
2. **Modification of client codes:** Modification in client codes due to shifting of trade to the Error Account, which are subsequently liquidated/closed out in the market and not shifted to other client code.

## **Policy**

Dealers are advised to hear patiently the client code / scrip name and reconfirm the Same to their best possible efforts before placing order into the system however The below mentioned client code modifications are considered Genuine Errors as per the Circulars issued by the SEBI / Exchanges:

1. Where original client code/ name and modified client code / name are similar to each other but such modifications are not repetitive.
2. 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.

## **Modification in client codes**

- 1) Any trade shifted to the Error Account are subsequently liquidated/closed out in the market and not shifted to some other Client code. New order would be punched in original code.
- 2) Client code modification issues should be reported to the Compliance Officer / Concerned person authorization for approval and it should be approved only after verifying the wrong and correct code.
- 3) An error account with the name "ERROR" is opened and UCC uploaded for the same to the Stock Exchange.
- 6) Client code modification issues should be reported to the key personnel's and can be done only after getting approval after knowing it's genuinely as per exchange directives.
- 7) The Compliance Officer / Concerned person authorised should review the Error Account
- 9) Department head/ compliance officer are advised to analyze the mistake for Genuineness of code modification, verify for patterns which indicates the intention to adversely impact one investor over other by transferring profits/Losses to/from specific codes.

**Approval Authority and Review policy:**

This policy is approved by the Board. This policy may be reviewed as and when there will any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs and will place the changes in policy before the Board.

**Policy communication:**

A copy of this policy shall be made available to all the relevant staff/persons such as:

compliance officer / department in-charge . Further, a copy of this policy has to be displayed on our website.

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