CLIENT CODE MODIFICATION

Objective

The main objective of the policy is to deal with modification of client code after the execution of trade and to create awareness amongst the relevant staff such as dealers, Compliance Officer and Authorised Persons.

To frame the guidelines for Client code modification post trade execution and reporting of such Client Code Modifications as mandated by following Circulars issued by SEBI and Stock Exchanges:

- SEBI Circular dated July 5, 2011 vide Ref.No. CIR/DNPD/6/2011
- SEBI Circular date October 21, 2014 vide Ref.No. CIR/MRD/DP/29/2014
- BSE Circular dated July 6, 2011 vide Ref. No.: 20110706-1
- BSE Circular dated July 29, 2011 vide Ref. No.: 20110729-24
- BSE Circular dated August 26, 2011 vide Ref. No.: 20110826-4
- NSE Circulars dated July 5, 2011 vide Ref. No. NSE/INVG/2011/18281.
- NSE Circulars dated July 29, 2011 vide Ref. No.: NSE/INVG/2011/18484.
- NSE Circulars dated August 26, 2011 vide Ref. No.: NSE/INVG/2011/18716

Scope of the Policy:

This policy covers all the Client Code Modifications carried out / to be carried out in any of the client accounts, subject to the above guidelines issued by the SEBI / Stock Exchanges from time to time, in any segment of any exchange for which Kalpalabdhi Financials Private Limited (hereby known as KLFS) is a member.

Brief about Client Code Modification:

Client Code Modification means modification / change of the client codes after execution of trades in rare or exceptional cases. Stock Exchanges provide a facility to modify any client code after the trade has been executed to rectify any error or wrong data entry done by the dealers at the time of punching orders or error happened at the time of order placement by the client. However, such Client Code modification is subject to certain guidelines as to the time limit within which the client code modification is to be carried out, terminal / system on which such modifications can be done etc. The facility is mainly to provide a system for modification of client codes in case genuine errors in punching / placing the orders. It is to be used as an exception and not as a routine process. To prevent misuse of the facility, Stock Exchanges levy penalty / fine for all non- institutional client code modification.

Details about Genuine error:

The following trades shall be modified/ allowed to be modified, shall be treated as genuine error.

- Punching error / typing error of client codes due to any genuine error or mistake in order entry, while punching the order, by any of dealer.
- Trade entered for wrong client due to any miscommunication from the client /authorized representative of the client.
- Client code/name and modified client code/name are similar to each other, but such Modifications are not repetitive.

- Family Code (spouse, dependent parents, dependent children and HUF etc,).

Permissible & Non-Permissible Client Code Modifications:

Scenarios	Type of Error	Permitted or Not Permitted	Penalty Waiver	Details
Client to Error Account	Refer to Error Policy for the types.	Permitted	Not Applicable	Relevant supporting documents should be retained for records & reference.
Institution to Institution (same Family)	Punching Error	Permitted	Not Applicable	Relevant supporting documents should be retained for records & reference.
Institution to Institution (Different Family)	Punching Error	Permitted	Not Applicable	Relevant supporting documents should be retained for records & reference.
Institution to Institution (Different Family)	Non-Punching Error	Not Permitted	Not Applicable	-
Institution to Non-Institution (Same Family)	Punching Error	Permitted	Not Applicable	Relevant supporting documents should be retained for records & reference.
Institution to Non-Institution (Different Family)	Any Type	Not Permitted	Not Applicable	-
Non-Institution to Non-Institution (Same Family)	Punching Error	Permitted	Yes	Relevant supporting documents should be retained for records & reference.
Non-Institution to Non-Institution (Different Family)	Any Type	Not Permitted	Not Applicable	-

General Conditions:

- The Client Code Modification shall be carried out only on the designated system and / or as per the process as may be prescribed by SEBI / Stock Exchange and this policy.
- The client code modification shall be carried out after due approval from senior management.
- All Client code modifications should be circulated to business management/compliance/risk/Operations team for records and reference.
- Trades executed using Error Code can't be modified to a Client Code.

General guidelines on handling client code modifications:

No client code modification shall be done save and except in unavoidable, rare or exceptional cases, without first informing the Business Head and the Senior Sales Traders, Compliance Officer and Head of Back office.

The Board and Management have approved the said policy and instructed all the office bearers to follow it strictly. Following internal controls are approved to avoid client code modification and error trades:

- To control the punching error, it has been decided that client code mapping will be restricted in trading terminals.
- To create a separate error account in the name of ERROR account and upload the UCC as per the exchange circular.
- To review periodically list of inactive clients for marking in CTCL Surveillance System.
- 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.
- Department head/ compliance officer are advice to analyses the mistake and to take /implement corrective measures to their best possible efforts to minimize.
- Department Head/ Compliance officer are advice to update the report to the Board / management on the implementation of the said policy periodically.

Record Maintenance and Management Reporting:

- 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.
- Any client code modification shall be subjected to this policy be carried at Head Office of the company.
- A separate register to be maintained by the company for above purpose where full details will be recorded.
- Where we couldn't change the client code using the exchange provided platform (i.e. due to time constraints) but made the modifications in the back office, there should be process of reconciliation and reporting to the exchange regarding client code modifications post market hours.
- Penalties levied by Exchanges for Client Code modifications should be reviewed/circulated to Management.

Client Code Modification – Penalty Waiver:

For Client Code modification cases where a penalty is levied by the exchange and the same qualifies for Penalty waiver, waiver application for the penalty shall be prepared by Operations and submitted to the exchange post review by Compliance.

This policy may be amended from time to time and all the staff members shall comply with the same.