

NIKUNJ STOCK BROKERS LIMITED

CIN: U74899DL1994PLC060413

Member: NSE, BSE, MCX and DP-NSDL

CLIENT CODE MODIFICATION/ERROR CODE POLICY -2018

Policy reviewed by:	Compliance and Operations team
Policy reviewed on:	July 31, 2018
Approval Authority:	Board of Directors
Policy approved on:	August 25, 2018

1. Objective: To Review and redraft the guidelines for modification to client codes post trade execution and reporting of such Client Code Modifications on the exchange platform.

2. 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 and BSE Ltd. vide its circular no. 20110706-1 dated July 06, 2011 and no. 20110729-24 dated July 29, 2011 and 20110826-4 dated Aug 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 penalises 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, if 'a' as % of 'b', as defined above, exceeds 1% during a month and take appropriate disciplinary action, if any deficiency is observed.

3. Brief about Client Code Modification: Client Code Modification means modification / change of the client codes after execution of trades. 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. 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 of genuine errors in punching / placing the orders. It is to be used as an exception and not a routine. To prevent misuse of the facility Stock Exchanges levy penalty / fine for all non-institutional client code modifications.

4. Scope of the Policy: This policy covers all the Client Code Modifications carried out / to be carried out in any of the client accounts controlled by HO, subject to the guidelines issued by the SEBI / Stock Exchanges from time to time, in any segment of any exchange for which VNS Finance & Capital Services Limited is a member broker.

5. "Error Trades" means the trades which will be modified / to be modified / allowed, to be modified subject to guidelines of the SEBI / Stock Exchanges and this policy. For the purpose of this Policy, only the following types of trades shall be modified / allowed to be modified:

- i. 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.
- ii. Trade entered for wrong client due to any miscommunication from the client / authorized representative of the client.

CLIENT CODE MODIFICATION/ERROR CODE POLICY-2018

iii. Modification within family members

iv. Trades executed in previously executed code (on account of retained id facility in CTCL /NEAT software)

6. General Conditions:

(i) The facility for Client Code Modification can be used only in case of Error Trade.

(ii) 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.

7. Place for Client Code Modification: Any Client Code Modification shall, subject to compliance of this policy, be carried out by RMS at HO of all the Error Trades happened in Capital Market \ F&O\ Currency /Commodity Segment of NSE, BSE and MCX.

8. Penalty: The penalty or fine, if any, levied on Nikunj Stock Brokers Ltd for any wrong trade occurred due to any miscommunication from the client / authorized representative of the client shall be borne by the client.