

NVS Brokerage Private Limited

Policy for Client Code Modification/Error Account Policy Objective:

To frame the guide lines for modification to client codes post trade execution and reporting of such Client Code Modifications.

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 dealer 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 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.

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 NVSB is a member broker.

“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:

Incase of NSE (NOTE: no consistent pattern in such modifications):

- Clientcode/nameandmodifiedclientcode/namearesimilartoeachotherbutsuchmodificationsarenorepetitive.
- Family Code (spouse, dependent parents, dependent children and HUF).

In Case of BSE:

- 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 anymiscommunicationfromtheclient/authorizedrepresentativeoftheclient.
- Modification within family members.
- Institutional trades modified to broker error/pro account.

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ERROR ACCOUNT POLICY

1. The modification to the client code is to be done only in exceptional cases and not as a routine one.
2. The reason for modification has to be ascertained and analyzed and genuineness is to be established and also its impact on the clients should be studied before the modification. If voice recording is in practice, the same is being studied.
3. For each client code change, Management asks Dealers to write reasons for the same in Client Code Error Sheet. Unless Management is satisfied with the reason, no client code change is allowed.
4. Normally as a principle, we 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 of the Companies Act, 1956).
5. For easy identification of error account, we register a fresh client code as "ERROR" in the UCC data base of the Exchange for the account which is classified as error account.
6. We will inform the Exchange (through BEFS and NSE inspection Portal), by end of day, the reasons for modification of client codes of non-institutional trades based on the aforesaid objective criteria.
7. Therefore, it is imperative that the issue should be reported to the senior level Manager/Director and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interests of the client.
8. Hence the facility to modify the client codes should be available only at the Corporate Manager level and should not be given to the branches/ franchise /sub-brokers.
9. Training program should be conducted to all the Dealers and they should be explained how code modifications can be misused and what steps should be taken to avoid the same. It also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors' / 'typing errors'.
10. Dealers are asked to write reason in Client Code Error Sheet. Daily monitoring of such client code changes are done by Management and Dealers are instructed to remain careful while executing the trades. Daily trades of a Client are monitored if they are five or more modifications are observed in a week and such clients are not allowed to trade unless Management is satisfied with the reasons given by such client.
11. Client code modification after market hours will not be allowed under any circumstances.