

## CLIENT CODE MODIFICATION

Client code modification means modification of client code after the execution of trade. The stock exchange provides a facility to modify the client code to rectify an error.

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

### **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 and modification within relatives ('Relative' for this purpose would mean "Relative: as defined under the Companies Act, 2013)

#### **2. Modification of client codes**

Modification in client codes due to shifting of trade (Institutional or non Institutional) 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.
3. Modification within relatives ('Relative' for this purpose would mean "Relative" as defined under the Companies Act, 2013). Provided there is no consistent pattern in the above mentioned modifications

### **Modification in client codes**

- 1) Any trade shifted (institutional or non institutional) 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 Operations In-Charge at Head Office for approval and it should be approved only after verifying the Sebi /Exchange directives issued from time to time.
- 3) The Compliance Officer / Concerned Operations in charge should review every day the Error Account file send by the Exchange.
- 4) A separate register to be maintained for this purpose where the details are recorded.
- 5) An error account with the name “ERROR” is opened and UCC uploaded for the same to the Stock Exchange. UCC for Error account is Zanskar Securities Private Limited\_Error.
- 6) The modification of client code is to be done only in exceptional cases and not in routine case.
- 7) The access / rights of client code modification is given only to such officers as are approved by Head of operations and Compliance department and any deviations are to be escalated to concerned directors .
- 8) Concerned person authorized for verification should check that Client code/name and modified client code/name are similar to each other or the code change is on account of Family Code (spouse, dependent parents, dependent children and HUF).
- 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**

This policy is approved by the Board.

**Review Policy**

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs. The policy may be reviewed by the Designated Directors/CEO and place the changes in policy before the Board at the meeting first held after such changes are introduced.

**Reference to the Circulars**

SEBI – Circulars No.- CIR/DNPD/01/2011 dated July 05, 2011

NSE – Circular No. - NSE/INVG/2011/596 dated February 17, 2011

Circular No.- NSE/INVG/2011/18484 dated July 29, 2011

Circular No. - NSE /INVG/2011/870 dated August 26, 2011