

## Client Code Modification and Error Code Policy

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Client Code Modification is a massive problem of the organization. The main objective of the company to framed a policy for modification of client code for post trade execution and takes the report on such modification of client codes. SEBI vide its circular dated January 03, 2011 has issued guidelines pertaining to parameters to be put in place by the stock brokers for identification of client code modifications, arising as a result of genuine error or wrong data entry while placing online/offline trades. In order to give effect to the said guidelines we advice all dealing/operational staff of the Company to observe the following code of conduct:

- **Brief criteria about 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. Further only the genuine errors will be modify and after being transferred to 'Error Account'. The modification should be done within the Stock Exchange guidelines. The modification of client code is to be done only in exceptional cases and not in routine case.

- **Details about Genuine error**

The following trades shall be modify/ allowed to be modify, shall be treated as genuine error and transferred to Error Account.

- 1) 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.
- 2) Trade entered for wrong client due to any miscommunication from the client /authorized representative of the client.
- 3) Client code/name and modified client code/name are similar to each other but such Modifications are not repetitive.
- 4) Family Code (spouse, dependent parents, dependent children and HUF)
- 5) Institutional trades modified to broker error/pro account.
- 6) Misinterpretation of communication as to what Investor speaks and what Dealer listens because of similar sounding alphas and numbers like 'B' is being heard as 'P' etc. as generally the dealing room environment is very noisy.
- 7) Shifting of character positions like 4356 is punched as 4536 or one serial up or down.
- 8) Order getting punched in hurry in the previously retained code. All the front-end application has facilities to retain code of last punched order in order entry window and most of the dealers use this feature to speed up the order entry process.

- 9) Wrong trades due to the mistake of dealers like 'Buy' order punched as 'Sell' or error in quantity or prices. Such trades needs to be owned up by the Trading Member and has to be transferred to 'Mistake/Error Account' of the Trading Member.

- **The Board and Management Directives**

The Board and Management have approved under mention policy in this regard and instruct all the office bearers to follow it strictly.

- a. To control the punching error, it has been decided that client code mapping will be restricted in trading terminals.
  - b. To create a separate error account in the name of "GEPL Capital Pvt. Ltd." as per the exchange circular.
  - c. To maintain Client Modification registers with immediate effect for recording the errors.
  - d. To review periodically list of inactive clients for marking in CTCL Surveillance System.
- I. 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.
  - II. Department head / compliance officer are advice to analyses the mistake and to take / implement corrective measures to their best possible efforts to minimize.
  - III. Department Head / Compliance officer are advice to update the report to the Board / management on the implementation of the said policy periodically.

- **Reporting System**

- 1) 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.
- 2) Any client code modification shall be subjected to this policy be carried at Head Office of the company.
- 3) The company review every day the Error Account file send by the Exchange.
- 4) A separate register to be maintained by the company for above purpose where full details will be recorded.

- **Reference to the Circular**

<b>SEBI</b>	Circular No.: – CIR/DNPD/6/2011 dated January 01, 2011 Circular No.: – CIR/DNPD/01/2011 dated July 05, 2011
<b>NSE</b>	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.