

Policy on Client Code Modifications

1. The modification of client code is to be done, only in exceptional cases and not as a routine one.
2. A separate error account named "Client Code- Error Account" is opened under the client category. Genuine error has to be transferred to this error account. Modification of client code has to be done through this error account, and square up the transaction in the same error account. A new trade has to be executed in the correct code.
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. Since voice recording is in practice, the same should be studied.
3. Normally as a principle, other than for punching errors, no modification of client codes will be allowed.
4. Therefore, it is imperative that the issue should be reported to the senior level Manager/Director and only with his/her 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.
5. Hence the facility to modify the client codes should be available only at the Head Office level and should not be given to the subbroker.
6. 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 should also be explained, that code modifications should not be encouraged to the clients except for cases like 'punching errors /typing accounts'.
7. A register is to be maintained for recording all the code modifications with details like error client code, correct code, scrip name, quantity, client name, the name of the terminal ID where the order is punched, the explanation of the Dealer, the 'analysis / study' of the Director or compliance officer and his approval/disapproval for modification.
8. Finally the decision of the Director or Compliance officer should be ratified later by the Management.

For Modern Shares and Stockbrokers Limited

And Sathy

Director