MUNI BROKING HOUSE LIMITED
Corporate Office: The Legacy, Unit 41A/43, 25A Shakespeare Sarani, Kolkata - 700017
CIN - U66120WB2023PLC260758 GSTIN - 19AAQCM6975R1Z0

CLIENT CODE MODIFICATION AND ERROR CODE POLICY

Last Reviewed on	Reviewed By	Approved By
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CLIENT CODE MODIFICATION AND ERROR CODE POLICY

Muni Broking House Limited, hereinafter referred to as Muni, is the SEBI registered Stock Broker & Depository Participant.

Objective

The main objective of the policy is to deal with modification of client code after the execution of trade and to create an awareness amongst the relevant staff such as dealers, branch In charge and authorised persons.

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 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.

"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. The Exchange has provided the facility of client code modification only with a view to rectify genuine errors.

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.

This policy is applicable to all Client Code Modifications carried out / to be carried out in any of the client accounts, subject to guidelines issued by the SEBI / Stock Exchanges from time to time, in any segment of any exchange of which the company is a member.

As per the above-mentioned circulars, the Stock Exchanges shall levy penalty to the Trading Members for Client Code Modification as per the calculation given below and transfer the amount to its Investor Protection Fund.

'a' as % of 'b'	Penalty as % of 'a'
≤ 5	1
> 5	2

Where,

a = Value (turnover) of non-institutional trades where client codes have been modified by a trading member in a segment during a month.

b = Value (turnover) of non-institutional trades of the trading member in the segment during the month.

Accordingly, for the client code modification done on the Exchange system, the Exchange penalizes 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.

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)

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).

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 person authorised for approval and it should be approved only after verifying the Sebi /Exchange directives issued from time to time.

3) An error account with the name "ERROR" is opened and UCC uploaded for the same to the Stock Exchange

4) Concerned person authorized for verification should verify that the 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).

5) 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.

6) The Compliance Officer / Concerned person authorised should review the Error Account file everyday which is sent by the Exchange

7) A separate register is maintained for this purpose where the details are recorded.

8) 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.

Example of Genuine Error
The criteria for determining the genuineness of client code modification are as follows:
Client code FA 1234 wrongly entered MN5678 would be constructed as intentionally committed whereas FA1234 entered as AF 1234 or FA 2341 may be a genuine punching error.

Reporting Process
Department Head/ Compliance officer are advice to update the modified cases report to the Board / Management on the implementation of the said policy periodically.

Approval Authority and Review policy:

This policy is approved by the Board of Muni Broking House Limted.

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.

Policy communication:

A copy of this policy shall be made available to all the relevant staff/persons such as: compliance officer, department in-charge, APs, Branch In-charge etc. Further, a copy of this policy has to be displayed on our website.