## POLICY ON MODIFICATION OF TRADES

The below mentioned policy on modification of Client codes in various Trades has been approved by the Board of Directors. All the employees are required to follow the same and take due care for its proper implementation.

**Objective:**

To frame the guidelines for modification to client codes post trade execution and reporting of such Client Code Modifications. (In view of SEBI Circular CIR/DNPD/6/2011 dated July 05, 2011)

**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 dealers 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 pankaj mangaldas sec pvt ltd is a member broker. The reason for modification has to be ascertained and analyzed and genuineness is to be established and also it's impact on the clients should be studied before the modification. If voice recording is in practice, the same should be studied.

**"Error Trades"** means the trades which will be modified / to be modified / allowed to be modified subject to guidelines of the SEBI / Stock Exchanges. Accordingly Members 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 the Companies Act, 1956).

**General Conditions:**

- Any transfer of trade (institutional or non-institutional) to error account of the broker would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in error account are subsequently liquidated in the market and not shifted to some other client code.

PM Securities is the trade name of Pankaj Mangaldas Securities Pvt. Ltd.
Registered office: 701, PJ Towers, Dalal Street, Fort, Mumbai - 400001
Corporate Office: 411, Atlantic commercial towers, RB Mehta road, Ghatkopar (E), Mumbai - 400077.

- For easy identification of error account, members are required to register a fresh client code as "ERROR" in the UCC database of the Exchange for the account which is classified by them as error account.
- Members are required to inform the Exchange on a daily basis by end of day, the reasons for modification of client codes of non-institutional trades based on the aforesaid objective criteria, which shall be taken into consideration at the time of inspection.

**Place for Client Code Modification:**

1. Any Client Code Modification shall that the issue should be reported to the 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.
2. Hence the facility to modify the client codes should be available only at the Manager level and should not be given to the sub-brokers.
3. 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'.
4. A register is to be maintained for recording all the code modifications with details like error code, correct code, scrip name quantity, client name, the name of the dealer who punched the code, the explanation of the dealer, the 'analysis /study' of the authorised Manager and his approval/disapproval for modification.
5. Finally the decision of the authorised Manager should be ratified later by the Director.

**Penalty:**

All cases of modification of client codes of non-institutional trades executed on the Exchange and not transferred to broker error account, shall be liable for a penalty of 1% of value of non-institutional trades modified if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month.

The penalty or fine, if any, levied on pankaj mangaldas sec pvt ltd for any wrong trade occurred due to any miscommunication from the client / authorized representative of the client shall be borne by the client.

Members and employees of pankaj mangaldas sec pvt ltd are requested to execute the trades after being very sure about the Codes of the client and the RMS is strictly advised to modify client codes of trades only to rectify genuine error in entry of client code at the time of placing /modifying the related order.

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