

Policy on Client Code Modifications

Lohia Securities Limited has prepared the following policy with respect to modification of client codes on non-institutional trades executed on stock exchange(s)

1. Trades are executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa in the back office of the member.
2. The modification of client code is to be done, only in exceptional cases and not as a routine one. Modification of client codes of trades on the Exchange platform, if any, are done only to rectify a genuine error in entry of client code at the time of placing/ modifying the related order. The following would constitute genuine errors with regard to client code modification.
  - a. 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.
  - b. Modification within relatives ("Relative" for this purpose would mean "Relative" as defined under the Companies Act, 1956).
3. 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.
4. Normally as a principle, other than for punching errors and relatives accounts, no modification of client codes will be allowed.
5. Therefore, it is imperative that the issue should be reported to the senior level Manager/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.
6. Hence the facility to modify the client codes should be available only at the Head Office level and should not be given to the branches/franchise/subbrokers.
7. 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 / relatives accounts'.
8. "Error Accounts" are classified properly and UCC uploaded to Exchanges. Trades transferred to "Error Accounts" are reviewed/ monitored properly to check the genuineness and to prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry. The trade modified by the member to the "Error Code" has been settled in Error Account.
9. 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/Branch Manager, the 'analysis / study' of the authorised Manager and his approval/disapproval for modification.
10. Finally the decision of the authorised Manager should be ratified later by the Management.

**FOR LOHIA SECURITIES LTD.**

  
**Company Secretary**