Transfer of Trades and Error Code Policy

Objective

The main objective of the policy is to deal with modification of client code after the execution of trade and to create awareness amongst the relevant staff such as dealers, Branch In charge, Back-end operational staff, Compliance Officer, Sub-brokers and Authorized Persons.

As per the policy of the company, transfer of trade from one account to other account is not permissible. In the exceptional/genuine error case, the matter shall be thoroughly investigated before the trade being transferred from one client to other client on the exchange platform.

Background

In case, if the trade is captured in the wrong code due to communication and/or punching or typing error, family member code, wrong code conveyed by the client or any other, post investigation and understanding the matter, management, on its own discretion, allow for transfer of trade.

Further, in all the scenarios, trade must be cross verified from both the clients viz., the client in which trade was done and client to who's account trade is to be transferred. Also, accordingly allow the modification or transfer of such trade executed to the Trading Error Account. Such trade transferred in the Error Account shall be squared off immediately or within stipulated time period and are being informed to respective Exchange/s accordingly. In case of genuine error code only, friends and relative which is prescribed under policy of relative.

2. Modification of 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 Operations In-Charge at Head Office for approval and it should be approved only after verifying the Sebi /Exchange directives issued from time to time.
3) The Compliance Officer / Concerned Operations in charge should review every day the Error Account file send by the Exchange.
4) A separate register to be maintained for this purpose where the details are recorded.
5) An error account with the name "ERROR" is opened and UCC uploaded for the same to the Stock Exchange.
6) The modification of client code is to be done only in exceptional cases and not in routine case.
7) The access / rights of client code modification is given only to such officers as are approved by Head of operations and Compliance department and any deviations are to be escalated to the Management.
8) Concerned person authorized for verification should check that 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).
9) 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 AB232 wrongly entered AB343 would be constructed as intentionally committed whereas AB121 entered as AB112 or AB 122 may be a genuine punching error.

Action

Any difference and losses on account of such trade transferred to Error Account and squaring up shall be the responsibility of the respective person. Surveillance Department shall review the trading system periodically to avoid such instances of transfer of trades.

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.

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.