

R.B.K. SHARE BROKING LTD

CLIENT CODE MODIFICATION/TRANSFER OF TRADE POLICY

Following procedure is adopted when there is an error by dealer while punching order placed by client. The error will be genuine & non existence of client code & being entered in Terminal or wrong client code entered by a Dealer:

A. CLIENT CODE MODIFICATION DURING MARKET HOURS

On execution of trade, Dealer immediately informs Client on telephone or confirms trade if client is sitting in Dealing office. If client do not confirm the trade or refuses to confirm the trade as the said trade is not belonging to him, Dealer immediately take steps to find the correct client code as per his records/refers to voice logger and informs the Director/Branch Manager about dealing punching error. After filling Error report and signing the same, Director/Branch Manager authorizes the client code change. If there is a genuine punching mistake and client code entered is non existent, after filling Client code Error Sheet and taking approval from Director/Branch Manager, correct client code is entered. Similarly, letter is obtained from clients before sending Contract Notes to them.

B. CLIENT CODE MODIFICATION AFTER MARKET HOURS

Client code modification after market hours is done on an exceptional basis only. If a Dealer could not contact a client during market hours immediately after execution of trades and client refuses to accept the trade or client code is non-existent, Dealer inquires other clients mapped with his terminal or refers to Voice logger and on getting correct client code, after filling Client code

Error Sheet and taking approval from Director/Branch Manager, correct client code is entered. Similarly, letter is obtained from clients before sending Contract Notes to them.

Monitoring mechanism in place to review such transfer of trades.

Management has proper Monitoring mechanism in place to review such transfer of trades. Each code change is reviewed by Management in order to ensure that there is no regular pattern observed. Also no. of daily punching errors made by each Dealer is reviewed and based on findings they are warned and instructed. Even clients are called to find out reason for such code changes.

Steps taken to find out reason for such transfer

For each client code change, Management asks Dealers to write reasons for the same in Client code Error Sheet. Unless Management satisfied with the reason, no client code change is allowed.

Steps taken to avoid such Instances of errors

As mentioned above, Dealers are asked to write reason in Client code Error Sheet. Daily monitoring of such client code changes are done by Management and Dealers are instructed to remain careful while executing the trades. Daily trades of a Client is monitored if they are five or more modifications are observed in a week and such clients are not allowed to trade unless Management is satisfied with the reasons given by such client.

Final decision to modify client codes is taken by the Compliance Officer or the Director.

Policy on Client Code Modifications:

1. The modification to the client code is to be done only in exceptional cases and not as a routine one.
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. If voice recording is in practice, the same should be studied.
3. Normally as a principle, other than for punching errors, no modification to the client codes be allowed.
4. 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.
5. Hence the facility to modify the client codes should be available only at the Corporate Manager level and should not be given to the branches/franchise/sub-brokers.
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 also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors'/'typing errors'.
7. 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/Branch Manager, the 'analysis /study' of the authorized Manager and his approval/disapproval for modification.

8. Finally the decision of the authorized Manager should be ratified later by the Director

By Order,

PURSHOTTAM KHANDELWAL

(Director)