



Allvest Securities Private Limited

Client Code Modification & Error Trade Policy



Document Revision and Version Control

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INTRODUCTION / BACKGROUND

Allvest Securities Private Limited (hereinafter referred to as "ASPL" or "Company") is incorporated under the Companies Act, 2013, with Corporate Identification Number (CIN) U66120MH2025PTC440678. ASPL is registered as Stock Broker with SEBI having Registration number INZ000330839 and is registered as Trading Cum Self Clearing Member with National Stock Exchange of India Ltd and NSE Clearing Ltd. (Member Code: 90469), as a Trading Member with BSE Ltd. (Member Code:6973), as a Trading Cum Self Clearing Member with Multi Commodity Exchange of India Limited (Member Code :57650) and ASPL is also registered with SEBI as a Depository Participant having Registration No.: IN-DP-837-2026 and with NSDL having DP ID: IN304949.

PURPOSE

The purpose of this policy is to ensure that all Client Code modifications carried out at the Trading desk are in line with guidelines issued by the SEBI / the Stock exchanges from time to time.

In accordance with the mandates set forth by SEBI and various exchanges through their circulars, client code modifications for trades shall be made solely to correct genuine errors in client code entry at the time of placing the order or modifying the related order. Despite diligent precautionary measures, errors can and do occur. Certain trading or operational errors have the potential to lead to material financial or reputational loss to the Firm and/or litigation.

SCOPE

This policy aligns with circulars issued by SEBI (CIR/DNPD/6/2011 dated July 05, 2011), (CIR/MRD/DP/29/2014 dated October 21, 2014) and NSE circular no. NSE/INVG/56395 dated April 07, 2023; and various other circulars issued by NSE and BSE from time to time. This policy covers all the Client Code Modifications carried out/to be carried out in any of the client accounts to the Designated Error Account, subject to the guidelines issued by SEBI/Stock Exchanges, from time to time, in any segment of any exchange for which ASPL is a member.

DEFINITION

"Error Trades" means the trades which will be modified/allowed to be modified subject to the guidelines of SEBI/Stock Exchanges and this policy.

"Client Code Modifications" means modification/change of the client codes after execution of trades. Client code can be modified on the platforms of the exchanges (NSE/BSE) 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 can be done keeping in mind the following:



- The time limit within which the client code modification is to be carried out.
- Terminal/system on which such modifications can be made, etc.

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. Stock Exchanges levy penalty/fine for all non-institutional client code modifications to prevent misuse of the facility.

"**Genuine Errors**" means the trades which will be modified/allowed to be modified subject to the guidelines of SEBI/Stock Exchanges and this policy. The Circulars and clarification issued by SEBI and Stock Exchanges allow modifications of client codes of non-institutional trades only to rectify a genuine error in entry of client code at the time of placing/modifying the related order.

"**Dealer**" for the purpose of this document refers to any Trader(s) (ASPL employees and/or its Authorized Person, as applicable) entering orders on the trading system of NSE and BSE.

"**Dealing Desk**" refers to the team designated to sit in the dealing room for client order execution.

DESIGNATED 'ERROR ACCOUNT'

ASPL will disclose the client codes classified as 'Error Accounts' to the Exchange at the time of UCC upload. ASPL will also ensure the creation of a designated Error Account, named and styled as required by the Exchanges, as per their periodic guidelines.

Any erroneous trade recorded in any client account shall be transferred to the designated error account. Such an error in trade shall be squared off within the same trading session. In the event that the error position cannot be squared off within the same trading day due to time constraints, the error trade shall be squared off in the next available trading session.

No trades shall be initiated through the Error account. The Error account shall be exclusively utilized for the purpose of transferring and squaring off error trades, and it shall not be used for the creation of any new positions.

MODIFICATION TO ERROR CLIENT CODE CATEGORY AND LIQUIDATION OF TRADES TRANSFERRED TO ERROR ACCOUNT

As per Exchange circular, shifting of any trade (institutional or non-institutional) to the error account of ASPL shall not be treated as a modification of client code provided the positions arising out of trades in the error account are subsequently liquidated/closed out in the market and not shifted to some other client code.



ASPL will be provided with a timeline of 3 working days (including the day of trade) to square off/liquidate their trades flowing into the error account. In case trades/open positions are not liquidated or squared off within the prescribed time limit, a penalty as above would be applicable. This timeline is subject to the availability of liquidity in the script/contract. In case the liquidity is not sufficient, ASPL should approach the Exchange within one trading day if sufficient liquidity is not available on the Exchange. The square off/liquidation must be done at the earliest. The decision of the Exchange on the question of “Availability of liquidity” will be final and binding.

ASPL shall be required to implement internal controls to minimize the instance of modifications into the Error account to avoid disciplinary action proceedings from the Exchange. Internal controls implemented by ASPL will be checked as a part of the inspection. If required, training program to be conducted to appraise Dealers about misuse of client code modification and also to train them so that errors are reduced while inputting of orders.

In addition to the above, client code modifications wherein both the two client codes (original code and modified code) are of institutional category the framework for monitoring and penalty will be as under:

Modification between client codes of two entities which are of the institutional category will be allowed only if the modification of both client codes is from different schemes / sub-accounts of / managed by the same Institution. Such modifications shall not be subject to penalty. For FPIs, the group will be considered as uploaded by ASPL.

With respect to trades settled through DVP mechanism, ASPL would need to report the name of entities to whom the trades were settled. The original client would be the client in whose client code the trades were executed, and the modified client code will be the PAN in whose name trades were settled through DVP mechanism.

REASONS FOR CLIENT CODE MODIFICATION AND ERROR TRADES

ASPL shall be required to provide the reasons for client code modification and error trades.

The facility of providing the reasons based on objective criteria has been provided in the ENIT portal at:

- Compliance => Client Code Modification => Client Code Modification Reason



The reason for modification is mapped as follows:

Reason Code	Description
0	Modified to Error
1	Error due to communication or Punching / Typing Error such that the original client's code / name and the modified client code / name are similar to each other
2	Modification with Relatives (as per Companies Act, 2013)
3	Allocation to related schemes / sub-account

For the purposes of this Policy, the following types of trades shall be classified as errors and may be modified or corrected:

- 1. Error Due to Communication or Typing Issues:**
Errors arising from communication and/or typing mistakes such that the original client's code/name and the modified client code/name are similar to one another.
- 2. Punching or Typing Errors by Dealers:**
Errors due to genuine mistakes or incorrect entries by a dealer during the order entry process.
- 3. Excess Execution:**
Execution of a trade that exceeds the quantity ordered by the Client.
- 4. Short or Under-Execution:**
Execution of a trade that is less than the minimum or the required quantity as specified by the Client.
- 5. Sale of a Security Instead of a Purchase:**
When a security is sold when it should have been purchased.
- 6. Purchase of a Security Instead of a Sale:**
When a security is purchased when it should have been sold.
- 7. Purchase of Incorrect Security:**
Purchase of a security that was not intended by the Client or the order placed.
- 8. Sale of an Incorrect Security:**
Sale of a security that was not intended by the Client or the order placed.



9. Purchase or Sale of a Security Under Banned List:

Execution of a trade involving a security that is on the banned list.

10. Erroneous Client Order:

Errors caused by the Client placing an incorrect order, including but not limited to errors in value, volume, or other parameters.

11. System Issues:

Errors due to system-related issues resulting in incorrect execution of trades.

12. Wrong Client Code Used:

When a trade is executed under a wrong client code.

13. Wrong Exchange Used:

When a trade is executed on an incorrect exchange.

These are the known error scenarios under which executed positions may be transferred to the Error Account. It is understood that such errors may result in either a profit or loss to the ASPL. These positions will be handled in accordance with the established Error Account procedures as outlined in this Policy.

PROCEDURE OF THE WAIVER OF PENALTY

For Client Code modification cases where a penalty is levied by the exchange and the same qualifies for a waiver, an application for the waiver shall be prepared by Operation Department and submitted to the exchange post review by the Compliance Department. The request for waiver of penalty along with reasons and relevant supporting documents should be submitted to the Exchange within a period of 3 calendar months from the date of levy of penalty failing which request for waiver shall not be accepted. The following will be classified as genuine errors for the purpose of client code modification:

- Error due to communication and / or punching or typing such that the original client's code / name and the modified client code / name are similar to each other.
- Modification within relatives (Relative' for this purpose would mean as defined under the Companies Act, 2013).

APPROVAL

All employees are required to escalate errors (or possible errors) to their supervisor. Errors must be promptly investigated, resolved, and reported/documented.

The Business Team of ASPL shall from time to time review frequent client code modifications. However, client code modification mentioned below shall not be considered while computing the frequency of client code modifications.



- Modification to ERROR account which is liquidated within 3 working days.
- Modification between two client codes which are of institutional client category and belong to same group.

The Client Code Modification shall be carried out only on the designated system and / or as per the process as may be prescribed by SEBI / Stock Exchange and this policy.

Error of any kind shall be informed immediately to the Senior Management, Head of Dealing/Segment, and Risk Management Team. In cases where the terminal operators have made a mistake, they should submit the complete trade details and approved Error / Modification proof to the Risk Management Team and subsequently inform the Back Office about the error so as to make the required modification/s. Modification/s will only be done after approval received from Head of Dealing and/or Respective authorities. The Operational/Approval Matrix is mentioned as below:

Error Trades must be approved by Risk Head, Compliance Officer and Directors.

The Risk Management Team & Compliance Team would review such errors in detail in order to take corrective measures.

The Risk Management Team/Compliance Team would also review the repercussion of these errors and take necessary actions to reduce the severity of the exchange actions.

- The Risk Management Team would also require maintaining separate MIS for all client code modification done and review / monitor the same periodically as they deem fit to curb the occurrence of such mistakes.
- Operations Department should independently publish Error MIS (Post reconciliation between Operations processing application & Information shared by the dealing team) and it should be sent to the Senior Management.

Insurance Claim:

- Insurance Claim should be assessed for any material error loss. Any material loss (i.e., above 10 Lakhs) should be discussed between the dealing team/Compliance/Risk and business and actions should be taken immediately to minimize potential loss.
- A detailed review should be done on critical error trade, and this should be documented and shared by the Dealers.
- All documentation or evidence should be supplied to Risk/Compliance & Operations. The operations should retain the same for reference & records.



Record Maintenance and Management Reporting:

- Any Client code modifications issues should be reported to the Key Personnel's and can be done only after getting approval.
- A separate register is to be maintained by the company for the above purpose where full details will be recorded.
- Penalties imposed by Exchanges for client code modifications should be reviewed regularly and circulated to the management for awareness and necessary action.

REVIEW

This policy will be reviewed and updated as required to incorporate any changes introduced by regulatory authorities. Additionally, it will undergo periodic reviews at least once in a year to ensure continued relevance, effectiveness, and alignment with current regulatory requirements and industry standards.