

**Client code modification**  
**V.03.20.01**

SEBI and Exchanges have come out with strict norms on Trade Code / Client Code Modification. It has prescribed penalty of **1% (and 2% if it exceeds certain limit) of the "trade value modified"**. **This is irrespective of the fact that trade change is genuine or not.** **THUS ALL TRADE CHANGES SHALL ATTRACT PENALTY OF MINIMUM 1% OF THE TRADE VALUE MODIFIED.** The penalty is charged by exchange segment wise. This penalty excludes trades which have been transferred to 'Error' account by the Member.

Moreover, the Exchange shall also observe that such trade modifications and in case genuineness cannot be proved to their satisfaction, they shall levy further penalty / initiate disciplinary action. The criteria for considering the "genuineness" of the trade modification are also defined in circular, which is attached herewith. Explanation has to be given while doing the trade change itself else additional penalties shall be levied by default. This circular has cast additional responsibility on the Members i.e. us to monitor these transactions on case to case basis.

In view of this, following may please be noted:

- 1) We have placed Approval Matrix in place to obtain pre-clearance for any trade change. The approvers are Mr Mayur Gujarathi/Sunita Ambavkar /Anand Agarwal
- 2) All trade change request has to go through the designated email id: [tradechange@lkpsec.com](mailto:tradechange@lkpsec.com) in an attached format only
- 3) Approval shall be given only in exceptional cases for genuine error on the basis of criteria mentioned in the circular.
- 4) Any request shall be entertained only before 3.30 pm only. However it can be sent during market hours also for all the segments to avoid last minute hazards. Please ensure co-ordination at your end for execution of trade modification in case of genuine errors.
- 5) After their approval only trade change will be done either at front end or at back office.
- 6) Dealer and client error will not be transferred to "error account". The decision of any such transfer to ERROR account will be taken by the approvers only.
- 7) Mail will be forwarded to account team at HO to debit trade change penalty levied by the Exchange either to client \ dealer \ sub broker as per information provided intrade change format.

All are requested to adhere to the policy (Refer: SEBI circular CIR/DNPD/6/2011 dated July 05, 2011, NSE cir no. NSE/INVG/18484 dated July 29, 2011, BSE notice no. 20110826-4 dated August 26, 2011, NSE cir no. NSE/INVG/18716 dated August 26, 2011)

**For LKP Securities Ltd.**