CLIENT CODE MODIFICATION AND ERROR ACCOUNT POLICY

Introduction

Vridhi Capital & Finance Private Limited ("VRIDHI") is a SEBI-registered Stock Broker and Depository Participant committed to maintaining the highest standards of regulatory compliance, transparency, and investor protection. This Client Code Modification and Error Account Policy ("Policy") has been framed in accordance with the directives issued by the Securities and Exchange Board of India (SEBI) and the Stock Exchanges governing modification of client codes after execution of trades.

Objective

The objective of this Policy is to ensure that Client Code Modification (CCM) is permitted only for the rectification of genuine errors committed while placing orders. The Policy aims to prevent misuse of the Client Code Modification facility, establish a transparent approval and monitoring mechanism, define the responsibilities of dealers, branch officials, authorised persons and the Compliance Officer, and ensure continuous compliance with SEBI and Stock Exchange regulations.

Regulatory Framework

This Policy has been formulated pursuant to SEBI Circular No. CIR/DNPD/6/2011 dated July 05, 2011, NSE Circular Nos. NSE/INVG/2011/18281 dated July 05, 2011, NSE/INVG/2011/18484 dated July 29, 2011 and NSE/INVG/2011/18716 dated August 26, 2011, along with all subsequent circulars, notifications, amendments and directions issued by SEBI, the Stock Exchanges or any other competent regulatory authority from time to time.

Scope

This Policy shall apply to all Client Code Modifications carried out in any trading segment of any Stock Exchange of which VRIDHI is a member. The provisions of this Policy shall be applicable to all trading segments, including Equity, Equity Derivatives, Currency Derivatives, Commodity Derivatives and any other segment introduced or permitted by the Stock Exchanges or regulatory authorities from time to time.

Background

SEBI and the Stock Exchanges have provided the facility of Client Code Modification solely for the purpose of rectifying genuine mistakes committed while entering client codes at the time of placing or modifying orders. This facility is intended to be used only as an exception and not as a regular business practice. Any improper, excessive or repetitive Client Code Modifications may attract penalties, inspections and disciplinary actions by the Stock Exchanges and SEBI. Accordingly, every modification shall be supported by valid reasons and adequate documentary evidence.

Definitions

Client Code Modification means the alteration of the client code entered at the time of placing an order after execution of the trade for the purpose of correcting a genuine error. An Error Trade means a trade executed with an incorrect client code due to an inadvertent communication, punching or typographical error and subsequently modified in accordance with SEBI and Exchange guidelines. An Error Account refers to a separate account opened with the client code "ERROR" and registered with the Stock Exchange exclusively for handling genuine error trades. Genuine errors include typographical mistakes, communication errors, punching errors, transposition of alphabets or numerals, modifications between relatives as defined under the Companies Act, or corrections involving similar client codes, provided such modifications are not repetitive or indicative of any misuse.

Client Code Modification

Client Code Modification shall be permitted only where the original and modified client codes are substantially similar or where the modification is necessitated by a genuine communication, punching or typographical error. Modifications between relatives, as defined under the Companies Act, may also be permitted where supported by appropriate justification and documentary evidence. Every modification shall be approved only after due verification by the Compliance Officer or any authorised official, and there shall be no repetitive or suspicious pattern indicating misuse of the facility.

Restrictions

Client Code Modification shall not be used for transferring profits or losses between clients, avoiding margin obligations, evading taxes or statutory liabilities, manipulating trading positions or providing any undue benefit to one client at the expense of another. Any modification carried out for reasons other than rectification of a genuine error shall be treated as a violation of this Policy and may invite disciplinary action in addition to regulatory consequences.

Error Account Procedure

Where a trade cannot be corrected directly through Client Code Modification, the trade shall first be transferred to the designated Error Account maintained by the Company. The position in the Error Account shall thereafter be squared off or liquidated in the market and shall not be transferred to any other client account. Wherever necessary, a fresh order shall be entered in the correct client code to ensure compliance with applicable Exchange regulations.

Operational Procedure

Dealers shall exercise due care while accepting and entering client orders and shall reconfirm the client code and order details before placing the order in the trading system. Any error identified after execution of the trade shall be reported immediately to the Compliance Officer or the authorised official. The Compliance Officer shall verify the genuineness of the request, examine the supporting documents, ensure compliance with SEBI and Stock Exchange guidelines, approve only genuine Client Code Modifications and maintain complete records of every modification. The Compliance Officer shall also review the daily Error Account reports received from the Stock Exchanges and monitor the pattern of Client Code Modifications to identify any unusual or repetitive transactions.

Record Maintenance

VRIDHI shall maintain complete records of all Client Code Modifications, including the Client Code Modification Register, Error Account Register, dealer error records, approval notes, documentary evidence, Exchange reports and all related correspondence. Such records shall be preserved for the period prescribed under the applicable regulatory requirements and shall be made available whenever required by SEBI, the Stock Exchanges or any statutory authority.

Monitoring and Internal Controls

The Compliance Department shall monitor Client Code Modifications on a regular basis to ensure that the facility is used strictly for genuine errors. Periodic reviews shall be conducted to identify abnormal or repetitive modifications, unusual trading patterns or any indication of misuse. Wherever any irregularity is observed, appropriate corrective measures shall be initiated and significant observations shall be reported to the Board of Directors or Senior Management for their review and guidance.

Penalty Structure

As prescribed by SEBI and the Stock Exchanges, penalties shall be levied on Client Code Modifications based on the percentage of modified turnover in relation to the total non-institutional turnover during the relevant month. Where the value of modified trades does not exceed five percent of the total turnover, a penalty of one percent of the modified turnover shall be applicable. Where the modified turnover exceeds five percent of the total turnover, a penalty of two percent of the modified turnover shall be applicable. Further, where the value of Client Code Modification exceeds one percent of the total non-institutional turnover during any month, the Stock Exchange may conduct a special inspection to verify compliance with regulatory requirements and initiate disciplinary action wherever deficiencies are observed.

Example of Genuine Error

For the purpose of determining the genuineness of Client Code Modification, corrections involving minor transposition of alphabets or numerals, such as changing client code "FA1234" to "AF1234" or "FA2341", may ordinarily be considered genuine punching errors, subject to verification. However, a modification from "FA1234" to an entirely unrelated client code such as "MN5678" may generally be treated as an intentional modification unless supported by convincing evidence establishing a genuine error.

Reporting

The Compliance Officer shall periodically submit a report to the Board of Directors or Senior Management containing details of Client Code Modifications carried out during the reporting period, the Error Account transactions, the results of internal reviews, observed trends or exceptions and the overall compliance status under this Policy.

Responsibilities

All dealers, branch officials, authorised persons, department heads and compliance personnel shall be responsible for ensuring strict adherence to this Policy. The Compliance Officer shall have overall responsibility for monitoring implementation of the Policy, ensuring regulatory compliance, maintaining records, reviewing modifications and reporting material observations to the Board of Directors or Senior Management.

Policy Review

This Policy shall be reviewed periodically or whenever required due to amendments in SEBI regulations, Stock Exchange circulars or any other statutory requirements. The Board of Directors may also review and amend this Policy whenever considered necessary in the interest of regulatory compliance or business requirements.

Policy Communication

A copy of this Policy shall be circulated to all concerned employees, dealers, branch officials, authorised persons and compliance personnel to ensure awareness and compliance. The Policy shall also be displayed on the official website of Vridhi Capital & Finance Private Limited and shall be made available to regulatory authorities whenever required.

Approval

This Client Code Modification and Error Account Policy has been approved by the Board of Directors of **Vridhi Capital & Finance Private Limited** and shall come into effect from the date of its approval. Any subsequent amendments shall also require approval of the Board of Directors.

Last Reviewed on	Reviewed By	Approved By
02-04-2026	Compliance Officer	Management