

Notices


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| Notice No | 20110826-4 | Notice Date | 26 Aug 2011 |
| Category | Compliance | Segment | General |
| Subject | Modification of client codes of non-institutional trades executed on Stock Exchanges (All Segments) | | |
| Content | | | |

Please refer to Exchange Notice no. 20110706-1 dated July 06, 2011 and no. 20110729-24 dated July 29, 2011 prescribing guidelines on the captioned subject applicable for all the segments w.e.f. August 01, 2011.

Further to this, SEBI in consultation with other exchanges to bring consistency in the process of client code modification across the market, has decided to issue the following clarification :

- (1) Members are permitted to change client codes of non-institutional clients only for the following objective criteria :
 - a) Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other.
 - b) Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
- (2) Any transfer of trade (institutional or non-institutional) to error account of the broker would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in error account are subsequently liquidated in the market and not shifted to some other client code.
- (3) For easy identification of error account, members are required to register a fresh client code as "ERROR" in the UCC database of the Exchange for the account which is classified by them as error account.
- (4) Members are required to have a well documented error policy approved by their Board/Management.
- (5) Members are required to inform the Exchange (through BEFS), on a daily basis by end of day, the reasons for modification of client codes of non-institutional trades based on the aforesaid objective criteria, which shall be taken into consideration at the time of inspection.
- (6) All cases of modification of client codes of non-institutional trades executed on the Exchange and not transferred to broker error account, shall be liable for a penalty of 1% of value of non-institutional trades modified if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month.

Members are once again strictly advised to modify client codes of trades only to rectify genuine error in entry of client code at the time of placing /modifying the related order.

In case of any queries / clarification, members may contact the under mentioned officials :

| NAME | INTERCOM NO. |
|----------------------|--------------|
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| Mr. Wilbur Fernandes | 2272 8052 |
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