भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

CIR/DNPD/01/2011 January 3, 2011

To

Recognised Stock Exchanges of India

Dear Sir,

Sub: Modifications to client code post trade execution

1. Stock Exchanges can permit modifications to client code post trade execution only in case of genuine error or wrong data entry made by trading members. This facility has been provided for the smooth functioning of the system and is expected to be used more as an exception rather than routine. Accordingly, Stock Exchanges are advised to:

    - Set objective parameters for identification of client code modifications arising as a result of genuine error or wrong data entry. These objective parameters should be approved by the Governing Board of the Exchange and disclosed to the trading members.

    - Impose monetary penalty in addition to disciplinary action against members who do not meet the laid down objective parameters.

    - Include verification of client code modification as a reporting item in internal audit report of the trading members.

2. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

3. The circular shall come into force from the date of the circular.

4. This circular is available on SEBI website at www.sebi.gov.in, under the category “Derivatives- Circulars”.

Yours faithfully,

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