

KEYNOTE CAPITALS LIMITED

Client Code Modification (ERROR Account) Policy (Applicable for all exchange/segment)

Regulatory Genesis/Source:

- SEBI Circular CIR/DNPD/6/2011 dated July 05, 2011 on the subject of “Modification of Client Codes of Non-institutional Trades Executed on Stock Exchanges (All Segments)”
 - Penalty imposed on client code modification
- Concept of “ERROR” account introduced
 - BSE vide its circular 20110826-4 dated 26 Aug 2011
 - NSE vide its circular NSE/INVG/2011/670 dated August 26, 2011
- Exchanges circulars require a “ERROR” policy to be implemented
 - The policy has to be approved by the Board
 - The said approval should form a part of the Board minutes

On Line Modification:

- Genuine punching errors in client codes while placing orders shall be allowed to be modified.
- Client code modification facilities shall be disabled from all the dealer terminals.
- Client code modification shall be carried out only from the admin terminals located at H.O. surveillance desk by Mr. Vijay Shah and/or Mr. Devin Joshi under the intimation to any of the directors.
- While carrying out code modification, genuineness of the punching errors shall be verified against corroborative circumstantial evidences like similarities of codes, trades in immediately preceding codes, square off trades without holdings or position or any such other evidences shall have to be taken into account.
- Complete records of daily online trade modifications shall be maintained in soft form.

Off Line back office modification:

- Genuine punching errors in client code, if detected after the end of post closing sessions may be allowed to be modified subject to the verification of genuineness as narrated above.
- For F&O and CDS segment, as far as possible, the errors would be rectified by reversal trade in next trading session and the rate differences shall be set off by passing a JV entry in the ledgers of affected clients. In case the client do not agrees to keep such wrong trade record in his account, such trades may be rectified by moving both legs of the trades to the account of actual client instead of settling it through JV entry.
- For Cash segment any such errors would be rectified / shifted to error a/c of our Company after verifying genuineness. From Client to Client - Not acceptable.
- Any such back office client code modification shall be carried out by Mr. Devin Joshi who is in charges of back office processing.
- A register containing required details shall be maintained for all such modifications. Concerned dealer/sub-broker shall enter the required details and sign in the register which shall be approved by counter signature of any of the directors.