



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED  
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KSE/N-1801

April 1, 2010

**NOTICE FOR ALL MEMBERS**

**Rectification of Erroneous Trades**

Members of the Exchange are hereby informed that the Governing Board of Directors in its meeting held on December 22, 2009 reviewed the subject matter and decided to approve an automated mechanism through which Members can rectify and report the inadvertently entered erroneous trades executed during the day. This mechanism will accordingly also shift the settlement obligation to the intended correct UIN / Client of the respective trades.

Presently, the Members are required to report their erroneous trades executed through KATS to the Exchange on the same day to comply with the requirements of relevant Regulations and KSE Notice No. KSE/N-4848 dated August 7, 2006, which is making an adverse impact on internal control and procedures at the Brokerage Houses.

To implement a transparent and standardized automated system for reporting erroneous trades in line with the Board's decision in this regard, the Exchange has decided that with effect from **April 15, 2010** Members will be provided at the close of Trading, each day between 3:30 and 4:00 pm and for Fridays 4:30 to 5:00 pm, a **Trade Rectification Session** through a special interface on their **NCHS-Terminals**, through which Members will be able to enter a corresponding correcting (Client to Client) transactions in the system to rectify & report any erroneous trade carried out during the day on KATS, this will also automatically change the settlement obligations of the previously executed erroneous-trades/s to the rightful client/ UIN, of the respective trade.

The system will only allow changes in the client-code/ UIN and Quantity of the shares in the rectification transactions. The option to change the Price of the Scrip will not be available in this mechanism.

The facility on NCHS to correct erroneous executed trades shall be available in the following manner:

Example:

**Client Code/ UIN change:**

For instance, Client A wanted to buy 1000 Shares of OGDC and by error of the KATS Operator this 1000 Shares trade was entered in the client code / UIN of the client B, in this case, the Member will have the option to change the client code of this trade to the rightful owner of the trade by using this facility on their NCHS terminal by entering a cross CtoC transaction where the seller will be the client whose account was used erroneously and the buyer will be the rightful client of this trade.

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