

# ERROR ACCOUNT POLICY

**Elite Wealth Limited**

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## **1. Objective**

This policy aims to establish a structured mechanism for the identification, reporting, and rectification of trade errors, as well as for managing transactions executed in the “Error Account” of **Elite Wealth Limited** (hereinafter referred to as “the Company”). The objective is to ensure compliance with SEBI and Exchange circulars, maintain transparency, and avoid misuse of client code modifications.

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## **2. Regulatory Background**

In accordance with:

- SEBI Circulars No. SEBI/CIR/DNPD/01/2011 and SEBI/CIR/DNPD/6/2011;
- NSE Circulars No. NSE/INVG/2011/17029, 18484, and 18716;
- BSE Notice No. 20110729-24; and
- NSCCL Circular No. NSCCL/SEC/2004/0464;

Stock brokers are required to have a **well-documented error account policy** to record genuine mistakes that occur while executing orders and to restrict any misuse or unauthorized shifting of trades.

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## **3. Scope**

This policy applies to:

- All trades executed on behalf of clients across all segments (Equity, Derivatives, Currency, Commodities, etc.);
- All employees, dealers, and authorized persons involved in trade execution or order placement;
- All error accounts maintained by the Company.

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## **4. Definition of Error**

An “Error” is defined as a genuine, unintentional mistake made by a dealer or system while executing a trade. Such errors may arise due to:

- Wrong client code entry;
- Erroneous quantity or price entry;
- Wrong order type (buy/sell);
- Erroneous order placement in the wrong segment or product type; or
- Any technical or manual error that results in unintended trades.

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## **5. Restrictions on Client Code Modifications**

- No client code modification is permitted with respect to **proprietary trading codes**.
- Client code modifications are permitted **only in genuine error cases** and strictly in accordance with the Exchange’s prescribed process and timelines.
- All code modifications shall be supported with valid documentary evidence, approved by the Compliance Officer.

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## **6. Error Account**

- The Company shall maintain a **separate “Error Account”** for the purpose of recording trades arising out of genuine dealer or system errors.
- The error account shall not be used for any speculative or proprietary trading activity.
- Transactions in the error account shall be monitored, reviewed, and reported to the Compliance Department on a daily basis.

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## **7. Process for Shifting Error Transactions**

In case an error is identified post-trade execution:

1. The dealer or responsible person shall immediately report the error to the Compliance Officer or designated senior official.
2. The Compliance Officer shall verify the genuineness of the error.
3. Upon confirmation, the erroneous trade may be **shifted to the Error Account** as per the following conditions:
  - The shifting shall not be treated as client code modification if the trade is transferred to the broker’s error account solely for rectification.
  - The trade in the error account must be **liquidated in the market** and not transferred to any other client code.
  - A proper record of the error, along with reasons, approval, and rectification details, shall be maintained.

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## **8. Recording and Documentation**

For every error trade, the following details shall be recorded:

- Date and time of trade;
- Name of dealer and client;
- Segment and exchange;
- Description of error and reason for shifting;
- Approval of Compliance Officer/Authorised Signatory;
- Details of liquidation of error account position.

All such records shall be retained for a minimum of **seven years** or as prescribed by the regulator.

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## **9. Monitoring and Reporting**

- The Compliance Officer shall review all trades executed in the error account on a periodic basis.
- Any pattern or repetition of errors by a dealer shall be investigated, and corrective measures, including training or disciplinary action, shall be taken.
- A summary report of error account trades shall be maintained and made available for inspection by SEBI/Exchange upon request.

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## **10. Prohibitions**

- The Error Account shall **not be used to transfer positions** between clients or for booking profits/losses.
- Dealers are strictly prohibited from intentionally creating errors or using the error account for client convenience.
- Any misuse of the error account shall be treated as a serious violation and may result in disciplinary action.

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## **11. Responsibilities**

- **Dealers:** To execute trades diligently and report any error immediately.
- **Branch/Department Head:** To verify and recommend genuine errors.
- **Compliance Officer:** To approve, record, and report all error transactions.

- **Management:** To ensure that the policy is adhered to and reviewed periodically.

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## **12. Review and Amendments**

This policy shall be reviewed **annually** or whenever required due to changes in SEBI or Exchange regulations. Any amendment shall be approved by the Board of Directors.

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**Approved By:**

**Board of Directors  
Elite Wealth Ltd.**

**Last Review Date-25.07.2025**

**Next Review Due:24.07.2026**