



<b>Department: Investor Services Department</b>	<b>Segment: All</b>
<b>Circular No: MSE/ISC/15272/2024</b>	<b>Date: April 30, 2024</b>

---

**Subject: Master Circular – Investor Grievance Redressal Mechanism**

---

To Market Participants,

Market participants are hereby informed that, with a view to facilitate market participants to have access to all the applicable circulars at one place, a MasterCircular has been prepared. This Master Circular is a compilation of circulars issued by the Investor Service Department of MSE for the period 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

The Master circular is attached as Annexure A

Market participants are requested to take note of the same.

**For and on behalf of  
Metropolitan Stock Exchange of India Limited**

**Khaja Mohideen  
AVP - Investor Services Department**

**TABLE OF CONTENTS**

<b>Circular between 01st-April-2023 to 31st-March-2024</b>			
<b>A</b>			
<b>Know Your Client And KRA</b>			
<b>Sr. No.</b>	<b>Subject</b>	<b>Page No.</b>	<b>Circular No.</b>
<b>1</b>	Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011	<b>4</b>	Exchange Circular No.13371 dated April 24, 2023
<b>2</b>	Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs	<b>4</b>	Exchange Circular No.13387 dated April 27, 2023
<b>3</b>	Nomination for Eligible Trading and Demat Accounts	<b>4</b>	Exchange Circular No.13485 dated May 17, 2023 Exchange Circular No.13914 dated August 03, 2023 Exchange Circular No.14034 dated August 28, 2023
<b>4</b>	Extension of timelines (i) for nomination in eligible demat accounts and (II) for submission of PAN for nomination and KYC details in Physical securities holders and voluntary nomination for trading accounts	<b>5</b>	SEBI Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/158 dated September 26, 2023 Exchange Circular No.14211 dated September 27, 2023
<b>5</b>	Centralized mechanism for reporting the demise of an investor through KRAs	<b>6</b>	SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/0000000163 dated October 03, 2023 Exchange Circular No.14270 dated October 09, 2023
<b>6</b>	Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios	<b>10</b>	SEBI Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023 Exchange Circular No.14683 dated January 02, 2024

<b>B Investor complaint Redressal System</b>			
<b>Sr. No.</b>	<b>Subject</b>	<b>Page No.</b>	<b>Circular No.</b>
<b>1</b>	Integration of Investor Complaints	<b>11</b>	Exchange Circular No.13392 dated April 27, 2023
<b>2</b>	Online Processing of Investor Service requests and complaints by RTAs	<b>11</b>	SEBI Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72 dated June 08, 2023 Exchange Circular No.13612 dated June 12, 2023
<b>3</b>	MSE Online Complaint Redressal Portal	<b>15</b>	Exchange Circular No.13715 dated June 27, 2023
<b>4</b>	Investor Service Centres of the Exchange	<b>15</b>	SEBI Circular no. SEBI/HO/MRD/MRD-POD-3/CIR/P/2023/104 dated June 26, 2023 Exchange Circular No.13723 dated June 28, 2023
<b>5</b>	Master circular – Investor Grievances Redressal Mechanism	<b>19</b>	Exchange Circular No.13727 dated June 30, 2023
<b>6</b>	Amendment to penalty structure	<b>19</b>	Exchange Circular No.13913 dated August 03, 2023
<b>7</b>	Redressal of Investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution Platform	<b>20</b>	SEBI Circular no. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 Exchange Circular No.14188 dated September 22, 2023
<b>8</b>	Extension of timeline for implementation of provisions of circular SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 on Redressal of investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution platform.	<b>35</b>	SEBI Circular no. SEBI/HO/OIAE/IGRD/CIR/P/2023/183 dated December 01, 2023 Exchange Circular No.14537 dated December 04, 2023
<b>9</b>	Revised Penalty Structure w.r.t. Unauthorised trades executed in the clients' account	<b>36</b>	Exchange Circular No.14538 dated December 04, 2023

<b>C</b>			
<b>Online Resolution of Disputes in the Indian Securities Market</b>			
<b>Sr. No.</b>	<b>Subject</b>	<b>Page No.</b>	<b>Circular No.</b>
<b>1</b>	Online Resolution of Disputes in the Indian Securities Market	<b>37</b>	SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 Exchange Circular No.13905 dated August 02, 2023
<b>2</b>	Corrigendum cum Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market	<b>58</b>	SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023 Exchange Circular No.13935 dated August 07, 2023
<b>3</b>	Online Resolution of Disputes in the Indian Securities Market – Registration of Trading Members and Listed companies	<b>61</b>	Exchange Circular No.13941 dated August 08, 2023
<b>4</b>	SEBI Master Circular for Online Resolution of Disputes in the Indian Securities Market	<b>62</b>	SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated December 28, 2023 Exchange Circular No.14744 dated January 12, 2024

<b>D</b>			
<b>Investor Protection Fund and Investor Service Fund</b>			
<b>Sr. No.</b>	<b>Subject</b>	<b>Page No.</b>	<b>Circular No.</b>
<b>1</b>	Comprehensive guidelines for Investor Protection Fund and Investor Services Fund at Stock Exchanges and Depositories	<b>89</b>	SEBI Circular no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023 Exchange Circular No.13555 dated June 01, 2023

## **A. Know Your Client And KRA**

### **1) Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011**

This is with reference to SEBI circular-SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022.

Your attention is hereby drawn to point 11 of the above referred SEBI Circular, which states the following:

*“Clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated.”*

Trading Members are requested to strictly comply with above referred requirement and ensure that clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated by KRA.

### **2) Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs**

This is with reference to the Exchange Circular No. MSE/MEM/12246/2022 dated September 02, 2022 on “Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs”, wherein SEBI instructs MIIs to serve any Show Cause Notice (“SCN”) or order issued by SEBI, the MIIs shall arrange to physically deliver the same to the entity. The MIIs shall forward the signed acknowledgement of its receipt by the concerned addressee or its authorized representative to SEBI within a period of 30 working days from the date of receipt of such instructions from SEBI.

Further to SEBI communication, the period of 30 working days is now being revised to 15 working days from the date of instructions from SEBI. In case, the show cause notice / order is not delivered within 15 days, the client will be deactivated from trading, based on the Permanent Account Number (PAN) within 5 working days from the last unsuccessful delivery report submitted by the Trading Member/s.

### **3) Nomination for Eligible Trading and Demat Accounts**

This is with reference to the SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/42 dated March 27, 2023, Exchange circular MSE/ISC/13256/2023 dated March 29, 2023, MSE/ISC/13485 dated May 17, 2023 and MSE/ISC/13914/2023, dated August 03, 2023, wherein it has been stated that the provisions mentioned in para 7 of

SEBI circular dated July 23, 2021 read along with para 3 (a) of SEBI circular dated February 24, 2022 with regard to freezing of accounts shall come into force with effect from **September 30, 2023**.

Further, as specified in the above referred circular the Trading Members are required to encourage their clients to update 'choice of nomination' (opt-in/opt-out) by sending a communication on fortnightly basis by way of emails and SMS to all such UCCs / Demat accounts where the 'choice of nomination' is not updated. The communication shall provide guidance through which the client can provide his/her 'choice of nomination'.

Where the trading members interact with their clients through call & trade facility they shall encourage the clients to provide 'choice of nomination' in their trading and demat accounts in line with SEBI's master circular dated May 17, 2023.

Trading Members are requested to ensure that the choice of Nomination is updated for all their clients and the same is updated in the UCC database of the Exchange on or before **September 30, 2023**, failing which such UCCs shall neither be Permitted to Trade on the Exchange, nor will they be able to square up their open positions, if any.

**4) Extension of timelines (i) for nomination in eligible demat accounts and (II) for submission of PAN for nomination and KYC details in Physical securities holders and voluntary nomination for trading accounts**

**For trading and demat accounts**

1. SEBI, vide circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021, stipulates that trading accounts and demat account which do not have 'choice of nomination' by September 30, 2023 shall be frozen.
2. In this respect, based on the representations received from the Exchanges, Depositories, Brokers' Associations and various other stakeholders, the following has been decided:
  - 2.1. Submission of 'choice of nomination' for trading accounts has been made voluntary as a step towards ease of doing business;
  - 2.2. With respect to demat accounts, it has been decided to extend the last date for submission of 'choice of nomination' to December 31, 2023.

### **For physical security holders**

3. As regards physical securities, SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, stipulated that folios shall be frozen if PAN, Nomination, Contact details, Bank A/c details and Specimen signature are not submitted by the holders by September 30, 2023.
4. Based on the representations received from investors, Registrars Association of India and various other stakeholders, it has been decided to extend the last date for submission of PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers to **December 31, 2023**.
5. Stock Exchanges, Depositories, RTAs and Listed Companies are advised to:
  - a) take necessary steps to implement the provisions of this circular, including making necessary amendment to the relevant bye-laws / business rules / regulations / operational instructions, as the case may be;
  - b) bring the provisions of this circular to the notice of their respective constituents and also disseminate this circular on their websites;
  - c) communicate to SEBI, the status of the implementation of the provisions of this circular; and
  - d) monitor the compliance of this circular.
6. This circular shall come into effect immediately in supersession of relevant provisions contained in various circulars issued by SEBI including Master Circulars issued for Stock Brokers and Registrars to an Issue and Share Transfer Agents dated May 17, 2023.
7. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

### **5) Centralized mechanism for reporting the demise of an investor through KRAs**

1. It has been decided to introduce a centralized mechanism for reporting and verification in case of the demise of an investor and thereby smoothen the process of transmission in securities market. This circular spells out the operational norms including the obligations of regulated entities, including registered intermediaries that have interface with 'investors' / 'account holders' (used interchangeably) who are natural persons.
2. Listed companies wanting to provide the beneficial access to such a centralized mechanism to their investors<sup>1</sup> holding securities in physical form, are eligible to establish connectivity with KRA through their RTAs.

### **Obligation of Intermediary – verification of the death certificate**

3. Upon receipt of intimation about the demise of an investor from a joint account holder(s) or nominee(s) or legal representative or family member (hereinafter, collectively referred to as '**notifier(s)**'), the 'concerned intermediary'<sup>2</sup> shall obtain the death certificate along with the PAN from the notifier and carry out the following steps;
  - a. Verify the death certificate (to be completed by the next working day of its receipt)
    - i. Online viz. the website of the issuing Government authority, or
    - ii. Offline: OSV ('Original Seen and Verified') process by intermediary

The intermediary shall treat the OSV of the death certificate accompanied with the PAN of deceased investor, received electronically along with the credentials of the notifier (including his / her PAN) and the validation report from an Investor Service Centre (**ISC**) of the Stock Exchange or Depository (**MII**)<sup>3</sup>, to be on par with its own OSV.

- b. Record and retain self-certified copy of proof of identity, relationship with deceased and contact details of the notifier.
4. If the concerned intermediary, after receiving information about the demise of the investor from the notifier or after inferring<sup>4</sup> the same, does not have access to or is not in a position to obtain the death certificate, then it shall carry out the following steps;
  - a. Intimate<sup>5</sup> the investor, notifier(s), or the nominee(s) that the KYC status of the investor has been flagged off as "On Hold" and require them to furnish the death certificate of the concerned investor.
  - b. Upon receipt of the death certificate, the intermediary shall follow the steps as per paragraph 3 above.

### **Obligation of intermediary - Updation of records in the KRA system by the Intermediary**

5. After verification of the death certificate, the concerned intermediary shall (on the same day of verification):
  - a. Submit a 'KYC modification request' to the KRA that "information on death of investor received; death certificate verified" and also upload the relevant documents<sup>6</sup>
  - b. Block<sup>7</sup> all debit transactions in the account / folios of the deceased investor.



It is noted that for joint accounts, the specified mode of operation should be adhered to, and if the account is operated on Either OR Survivor, or Anyone or Survivor, etc. (i.e. modes other than joint mode), the account operation in such mode shall continue.

6. In case the death certificate is not received, the concerned intermediary shall (by the next working day of the intimation):
  - a. Submit a 'KYC modification request' in the KRA system, "information on death of investor received; confirmation awaited".

#### **Obligations of the KRA**

7. The KRA, upon receipt of 'KYC modification' request from the intermediary as per paragraph 5 above, shall carry out the following steps;
  - a. Independent validation and verification by the next working day of receipt of modification request:
    - i. perform independent validation and verification using details available in its system and source validation / verification wherever feasible
    - ii. contact other linked intermediaries also to check if they have any update in this regard and status of account maintained by them
  - b. Upon validation of the death certificate, the KRA, shall update the KYC record as "Blocked Permanently" in the system and intimate this updation to all linked intermediaries.
  - c. For KYC modification requests received as per paragraph 6 above, the KRA shall flag off the KYC of the investor as "On Hold", and update this status to all linked intermediaries.
  - d. If KRA finds some errors / issues with the modification request as aforesaid, it shall consult with the concerned intermediary and share details of its observations and accordingly update the KYC status to "Modification Rejected and Clear i.e. Validated" or "Blocked Permanently", as the case may be, by the next working day.
  - e. The KRAs shall put in place systems, protocols and procedures to operationalize this circular and the same shall be uniform across all KRAs.

### **Intimation on Transmission of assets of the deceased investor**

8. Upon receipt of notification from KRA as “Blocked Permanently”, all intermediaries shall:
  - a. Immediately block all debit transactions in the account / folios of the deceased investor as per paragraph 5 b. above and
  - b. Intimate the notifier / nominee, within 5 days about the procedure for transmission, provide the transmission request form and the list of documents required for the transmission. In case of joint account/s, the intermediary shall intimate the surviving joint account holder(s) as aforesaid.

### **Transaction request in accounts / folios flagged off as “On Hold”**

9. If there is any transaction request received by any intermediary in the account / folio held by it, which is flagged off as “On Hold” as per paragraph 4 or 7, it shall allow the transaction only after conducting additional due diligence as may be appropriate, including through video call with the investor or In-Person Verification (IPV)<sup>8</sup> which serves to establish that the investor is alive.
10. In case where the information about demise of the investor is proven to be incorrect when the intermediary is able to establish contact with the concerned investor, the intermediary shall submit a ‘KYC modification request’ in the KRA system as, “intimation of death of investor is false” and also upload a report of its additional due diligence to the KRA. This shall be done on the same day in order to avoid any inconvenience to the investor.
11. The KRA shall in turn, revert the status of the KYC to ‘Clear or Validated’ and issue this update to all linked intermediaries, all on the same day.

### **Other obligation of Intermediaries**

12. All intermediaries who have account or folios of investors whose status has been updated as deceased by the KRA, shall submit the data w.r.t. intimation of transmission as per paragraph 8 b. above, and its outcome thereof, to SEBI, in the format as may be prescribed.
13. In order to have uniformity for operationalizing this circular, Stock Exchanges, Depositories and industry associations like Association of Mutual Funds in India (AMFI),

Registrars Association of India (RAIN) etc. in consultation with stakeholders including KRAs, may put in place common Standard Operating Procedure (**SOP**). The SOP shall be made available on their websites as well as that of the intermediaries.

14. This circular shall come into effect from January 01, 2024.

**6) Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios**

1. SEBI, vide circular nos. SEBI/HO/MIRSD/POD-1/CIR/2023/158 dated September 26, 2023 and SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/160 dated September 27, 2023, extended the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios respectively to December 31, 2023.
2. Based on representations received from the market participants, for ease of compliance and investor convenience, it has been decided to extend the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios to **June 30, 2024**.
3. Depository Participants, AMCs and RTAs shall encourage the demat account holders/ mutual fund unit holders to fulfil the requirement for nomination/opting out of nomination by sending a communication on fortnightly basis by way of emails and SMS to all such demat account holders/ mutual fund unit holders who are not in compliance with the requirement of nomination. The communication shall provide guidance to provide nomination or opting out of nomination.
4. Stock Exchanges, Depositories, AMCs, RTAs and Listed Companies are further advised to:
  - a) take necessary steps to implement the provisions of this circular, including making necessary amendment to the relevant bye-laws / business rules / regulations / operational instructions, as the case may be;
  - b) bring the provisions of this circular to the notice of their respective constituents and also disseminate this circular on their websites;
  - c) communicate to SEBI, the status of the implementation of the provisions of this circular; and
  - d) monitor the compliance of this circular.

5. All other provisions related to requirement of Nomination as provided in SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 for Mutual Funds and SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 dated October 06, 2023 for Depositories shall remain unchanged.
6. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Section 19 of the Depositories Act, 1996 and Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

## **B. Investor complaint Redressal System**

### **1) Integration of Investor Complaints**

With a view to monitor the complaints received by the Trading Members from their Investors, it has been decided that the details of all such direct complaints shall now be disclosed by the trading member to the Stock Exchanges. In view of the above, the trading members are required to submit the details of the direct complaints received by them (through any channel) in the format enclosed as Annexure A, on monthly basis, through Exchange application available on Member Portal. Path for submission of the complaints is provided below: Login to Inspection Portal with URL: <http://inspection-os.msei.in/MemberLogin.aspx> Go to - MSE Investor Service Centre > Complaints by TM – Click on Upload Complaints by Tm Trading Members are requested to upload the details of all complaints pending as on March 31, 2023, along with complaints received by them during the month of April 2023, by May 07, 2023. Subsequently, the details of complaints shall be submitted on monthly basis within seven days of the subsequent month. Further, in circumstances wherein there is no opening balance of complaints at the beginning of the month and no complaints are received during the month, the trading members are requested to select 'Nil submission'. This circular shall be effective from May 01, 2023.

### **2) Online Processing of Investor Service requests and complaints by RTAs**

1. Holders of physical security certificates are required to submit various documents to the RTAs with respect to various service requests/ complaints including but not limited to:
  - a) Intimation of / updation of / change in Permanent Account Number, Nominee, Bank details, Contact details, Signature, Name etc.;
  - b) Processing of investor requests (Duplicate security certificates, folio consolidation, transmission, transposition etc.);

- c) Services through depository participants such as dematerialization, re-materialization etc.
2. It is proposed to digitize this process in two phases and provide a mechanism for the investor to lodge service requests and complaints online and thereafter track the status and obtain periodical updates which would, *inter-alia*, confer the following benefits:
- a) Database for service requests and complaints;
  - b) Online acknowledgement and intimation to the investor;
  - c) Online tracking of status of service requests and complaints by investors.

### **Phase I of the Online Portal**

3. All RTAs servicing listed companies shall have a functional website. Such website shall mandatorily display the following information, in addition to all such information, which have been mandated by SEBI from time to time:
- a) Basic details of the RTA such as registration number, registered address of Head Office and branches, if any.
  - b) Names and contact details such as email ids etc. of key managerial personnel (KMPs) including compliance officer in the format provided at **Annexure-A**.
  - c) Step-by-step procedures for various service requests, Frequently Asked Questions (FAQs), procedure for filing a complaint and finding out the status of the complaint, etc.
4. All RTAs shall also set up a user-friendly online mechanism or portal for service requests/ complaints with the following minimum features:
- a) The online system should provide an option for the investors to directly apply for login credentials in the portal of the RTA after appropriate authentication/validation mechanism including One Time Passwords (OTPs) on mobile. Upon successful registration on the portal, the investor would be able to view his/her holdings, lodge service requests/ complaints for the respective companies and track the status of service requests/complaints so lodged.
  - b) The service request/ complaint can be submitted either through upload of duly filled in relevant standard forms prescribed by SEBI or through fillable relevant standard forms provided in the portal.
  - c) For each service request/ complaint, the online system shall display a number of categories in order to enable the investor to choose the most relevant category for

lodging his/her service request/ complaint. The system shall also display a list of documents required to be provided by the investor and the instructions thereof for each category. These documents shall be finalized by the QRTAs latest by September 30, 2023 in accordance with various SEBI circulars issued from time to time and shall be uniform across all the RTAs.

- d) However, additional documents may be sought by the RTA on the basis of specific facts of the matter and wherein any additional due diligence is required to be done.
- e) In terms of SEBI's master circular for RTAs [SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023](#), the documents are required to be submitted either in-person, through post or e-signed. However, copy of the self-attested documents which are required to be submitted to the RTA may also be submitted by way of uploading the same on the portal.
- f) Generation of unique reference number (URN): On uploading of the documents required for processing of investor's service requests/ complaints on the portal, a URN shall be generated and displayed on the portal. The same shall also be sent to the investor by way of email and SMS to the email id and mobile number respectively registered with RTA. RTAs shall also advise the investor to indicate the URN while sending physical documents in respect of requests/ complaints already lodged on the portal.
- g) For an investor who submits only physical documents to the RTA for processing of his/her service requests/ complaints, RTAs shall provide an acknowledgement in terms of SEBI's master circular for RTAs [SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023](#) which shall also quote URN.
- h) By using URN along with appropriate authentication/validation, the investor can track the status of his/her service request/ complaint on website/portal of the RTA.
- i) It may be noted that wherever investor service requests require submission of physical documents, those requests shall be considered and taken up for processing by RTA only after receipt of physical documents.
- j) Online requests will be kept pending for receipt of physical documents for 30 days. Requests pending beyond 30 days awaiting receipt of physical documents will be closed with communication about non-receipt. In such case, the investor will have to raise a fresh request.

- k) At every stage of processing the service requests/ complaints, the investor shall receive an alert about the status through SMS and / or email till the matter is concluded. The system shall have provision for seeking clarifications by the RTAs and submission by the investors in response to the same including option of uploading additional documents.
5. The aforesaid online system along with functional website as referred to in **para 3** above shall be implemented by QRTAs from January 01, 2024 and by all other registered RTAs dealing with listed companies from June 01, 2024.
  6. The aforesaid online mechanism should be scalable with robust cyber security protocols. Further, RTAs shall ensure that the online mechanism complies with the existing guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) specified by SEBI.
  7. RTAs shall provide a certificate of compliance from a practicing Company Secretary, within 30 days from the date of implementation of Phase I as provided in **para 5** above, certifying the changes carried out, systems put in place/ new operating procedures implemented etc. to comply with the provisions of this circular.
  8. The RTAs shall send an electronic intimation to all the investors whose e-mail address and/or mobile number is available about the availability of the aforesaid online mechanism. Additionally, listed companies and RTAs shall also disseminate the availability of this mechanism on their respective websites.

#### **Phase II of the Online Portal**

9. A common website shall be made and operated by QRTAs from July 01, 2024 through which investors shall be redirected to individual web-based portal/website of the concerned RTA for further resolution by putting the name of the listed company. This website shall have the functionality of adding companies/RTAs to its search list as and when required.
10. This circular is applicable to the RTAs which deal in folios of listed companies. Also, while transferring the business from one RTA to another, the listed company shall ensure that the new RTA is in compliance with the provisions of this circular.

### 3) **MSE Online Complaint Redressal Portal**

SEBI vide its circular No. SEBI/HO/MRD1/ICC1/CIR/P/2022/94, dated July 04, 2022 advised the exchanges to enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere, all recognized stock Exchanges are advised to design and implement an online web based complaints redressal system of their own, which will facilitate investors to file complaints and escalate complaints for redressal through Grievance Redressal Committee (GRC), Arbitration, Appellate Arbitration etc. in accordance with their respective byelaws, rules and regulations.

The Exchange has launched an integrated online web portal for Clients and Members to file Complaint, GRC, Arbitrations and Appellate arbitrations application using this online web portal.

The Clients and Members can register their Complaint, Arbitration and Appellate Arbitration applications using the link ” <https://mseonlinecomplaint.msei.in> ”.

### 4) **Investor Service Centres of the Exchange**

1. SEBI vide Circular No.SMD/POLICY/CIR-32/97 dated December 03, 1997 advised all stock exchanges to open or maintain atleast one Investor Service Centre (ISC) for the benefit of the investors. Such centres are required to, *inter alia*, provide counseling service and provide certain basic minimum facilities to the investors. The major stock exchanges were allowed to open as many ISCs as required.
2. Subsequently, vide SEBI Circulars No. CIR/MRD/DSA/03/2012 dated January 20, 2012, No.CIR/MIRSD/2/2012 dated February 15, 2012 and No. CIR/MRD/ICC/21/2013 dated July 05, 2013, it was mandated that apart from the ISCs that are operating in metro cities (viz., New Delhi, Mumbai, Chennai and Kolkata), stock exchanges having nationwide terminals shall open ISCs in Ahmedabad, Hyderabad, Kanpur, Indore, Bangalore, Pune, Jaipur, Ghaziabad, Lucknow, Gurgaon, Patna and Vadodara.
3. Considering significant development in the securities market including technological advancements since the issuance of abovementioned circulars, a need was felt to review



the provisions related to ISCs of stock exchanges. Based on consultation with the stock exchanges, the following have been decided:

- 3.1. In order to reach out to the investors across India, the stock exchanges shall make use of the existing ISCs at locations mentioned at paragraph-2 above and open additional ISCs wherever required; or as specified or to be specified by the Board from time to time. The ISCs can be set up either by one stock exchange or jointly by two or more stock exchanges as per their mutual agreement.
- 3.2. ISCs shall at least provide the following basic minimum facilities:
  - i. Four financial daily newspapers with at least one in the regional language of the place where the ISC is situated. In case, the financial newspaper is not available in the regional language of the place, any leading newspaper in that regional language shall be provided.
  - ii. A dedicated desktop or laptop with internet connectivity to enable the investors to access various relevant information available in public domain and also to access SEBI's and stock exchange's grievance redressal portals.
  - iii. Facilities for receiving investor complaints in both physical and electronic form. One dedicated staff shall be posted at the ISC to register investor complaints and also to guide & counsel the investors. The updated status of all complaints shall be maintained in electronic form.
  - iv. Facilitation desks at all ISCs to assist the investors in the dispute resolution process. These desks shall, *inter alia*, provide investors the required documents or details, if any, for making application to investor Grievance Redressal Panels and filing arbitration applications (including appellate arbitration).

- v. Arbitration and appellate arbitration facility at all ISCs including video-calling facility to investors for attending their online arbitration (including appellate arbitration) or Grievance Redressal meetings, if any.
  
- vi. A meeting room for at least 5 to 6 persons and additional sitting space for at least 5 to 6 persons.
  
- vii. Other infrastructure facilities such as telephone, photocopier, printer, scanner, internet access, furniture, etc.
  
- viii. A library on relevant laws (including Acts, Rules, Regulations, Circulars or master circulars, Guidelines, etc. and bye-laws, rules, regulations and circulars or master circulars of stock exchanges, clearing corporations and depositories), common booklets on various areas of securities markets, educational materials, etc. for the investors. In case of receipt of request for physical copies of relevant laws, the same shall be provided at a minimal cost.
  
- ix. A register or database of visitors (including investors) for future correspondence, whenever required.

3.3. For up-gradation of knowledge of officials at ISCs, stock exchanges shall ensure that:

All the officials at ISCs have been provided adequate training on various areas of securities market, how to counsel or guide the investors to appropriately lodge their complaints (including lodging of complaints on SCORES platforms), how to resolve the investor grievances, promotion of investor education and awareness to enhance securities market literacy and retail participation, etc.

- ii. The training on securities market should, *inter-alia*, cover the following areas:

- a) Overview of securities market (both primary and secondary markets);
  - b) Functions and operations of Stock Exchanges, Clearing Corporations and Depositories;
  - c) Functions and operations of market intermediaries dealing with investors such as, Stock Brokers, Depository Participants, Mutual Funds, Investment Advisers, Research Analysts, Portfolio Managers, Registrar and Transfer
  - d) Agents, etc.
- iii. The officials at ISCs should also have requisite NISM certification covering the areas mentioned at paragraph 3.3(ii) above.

#### **4. Applicability:**

- 4.1. The provisions of this circular, except provisions at paragraph 3.3 above, shall come into effect from the 90th day of issuance of this circular.
- 4.2. The requirements at paragraph 3.3 above shall be complied with in a phased manner i.e. by at least one official at ISCs shall comply with the requirements within 6 months and all officials at ISCs shall comply within 12 months, from the date of issuance of this circular.
- 4.3. The existing provisions on ISCs issued through various SEBI circulars mentioned as under shall be rescinded with effect from the date of implementation of this circular:
- i. SEBI Circular No. SMD/POLICY/CIR-32/97 dated December 03, 1997.
  - ii. Para 4 of SEBI Circular No. CIR/MRD/DSA/03/2012 dated January 20, 2012.
  - iii. SEBI Circular No. CIR/MIRSD/2/2012 dated February 15, 2012.
  - iv. SEBI Circular No. CIR/MRD/ICC/21/2013 dated July 05, 2013.
  - v. Para 5 of **SEBI** Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013.

**5) Master circular – Investor Grievances Redressal Mechanism**

Market participants are hereby informed that, with a view to facilitate market participants to have access to all the applicable circulars at one place, a Master Circular has been prepared. This Master Circular is a compilation of circulars issued by the Investor Service Department of MSE up to March 31, 2023.

**6) Amendment to penalty structure**

This is furtherance to the Exchange Circular No. MSE/INSP/5753/2017, dated November 13, 2017, regarding penalty to be levied on the cases of unauthorized trading. Members are requested to make note of the below mentioned modifications, pertaining to levy of penalty on unauthorized trades.

The said penalty structure has now been reviewed and revised as follows:

<b>S. No.</b>	<b>Details of contravention</b>	<b>Penalty</b>
1	<p>Unauthorized trading** determined by Investor Grievance Redressal Committee (IGRC) / Arbitration.</p> <p>** (induced trades or trades executed by the TM using any unfair means including obtaining user id password of the client to execute trades etc., shall be deemed to be unauthorized trades)</p>	<p>Determined by Investor Grievance Redressal Committee (IGRC) / Arbitration</p> <p>I. Monetary Penalty per case shall be Rs.50,000/- or 3% of the admissible amount determined in the IGRC / Arbitration order / award, whichever is higher.</p> <p>II. In addition to above penalty,</p> <p>a) Member will be debarred from taking new clients for a period of one month, in case 25% of all the complaints (not less than 05) placed before IGRC / Arbitration in the</p>

		<p>immediately preceding calendar quarter are determined by it to be unauthorized trading cases.</p> <p>b) Where the number of unauthorized trading cases as per the numbers indicated at (II a) persist for three consecutive quarters, the Member concerned will be debarred from taking new clients and Authorized Persons (APs) if any, for a period of three months.</p> <p>c) The number of unauthorized trading cases as per numbers indicated at (II b) persists beyond three consecutive quarters, the matter be placed before the relevant Committee, for action</p> <p>d) Member will be referred to inspection in case any of the above instance (i.e., II a, b, c) is triggered.</p>
--	--	---

The revised penalty structure shall be applicable for the cases in respect of trades executed from August 1, 2023, determined as unauthorised trades by the GRC order / Arbitration Award.

**7) Redressal of Investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution Platform**

1. SEBI Complaint Redressal System (SCORES) is a centralised web based complaint redressal facilitation platform launched in 2011 vide circular dated June 3, 2011 (bearing reference number CIR/OIAE/2/2011) to provide a facilitative platform for the benefit of the aggrieved investors, whose grievances against (a) listed company, (b) registered intermediary or (c) market infrastructure institution ("**Entities**") remain unresolved. Since then, SEBI has revised and strengthened the process of facilitating the redressal of grievances by such Entities. Currently, the process of investor grievances redressal on SCORES is governed by the Master Circular dated November 07, 2022 on "Processing of investor complaints against listed companies in SEBI Complaints Redress System — SCORES" (bearing reference SEBI/HO/OIAE/IGRD/P/CIR/2022 /0150).
2. In order to strengthen the existing investor grievance handling mechanism through SCORES by making the entire redressal process of grievances in the securities market

comprehensive by providing a solution that makes the process more efficient by reducing timelines and by introducing auto-routing and auto-escalation of complaint, SEBI notified the Securities and Exchange Board of India (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023 and amended the regulations as mentioned under '**Schedule I**' vide notification dated August 16, 2023. Consequently, it becomes necessary to revise the extant process for redressal of investors' grievances against Entities and provide for a mechanism through which Designated Bodies (as specified in '**Schedule II**') may monitor the process of the redressal of investors' grievances by Entities.

3. The revised framework for handling of complaints received through SCORES platform for Entities and for monitoring the complaints by designated bodies is specified in **Annexure I**' to this circular. A pictographic representation of the process is also set out in '**Schedule 111**'.

4. The other general provisions applicable to all Entities concerning SCORES portal are at **Annexure II**'.

**5. Implementation of this circular:**

5.1. Notwithstanding anything contained in this circular or any other circular, the Entities shall, submit the Action Taken Report ("**ATR**") to **SEBI** within 21 calendar days from the date of receipt of the complaint.

5.2. The provisions of this circular related to work flow of processing of investor grievances by Entities and framework for monitoring and handling of investor complaints by the Designated Bodies shall come into force with effect from December 04, 2023.

5.3. The designated bodies referred to in the **Schedule II ("**Designated Bodies**")** may apply for SCORES Authentication and/or for Application Programming Interface (API) integration as per **Annexure 1** within such period so as to ensure that Designated Bodies can comply with provisions of this circular by December 04, 2023 and onwards.

6. This Circular shall rescind the Master Circular SEBI/HO/OIAE/IGRD/P/CIR/2022/0150 dated November 07, 2022 above with effect from December 04, 2023.

7. Notwithstanding such rescission,

7.1. anything done or any action taken or purported to have been done or taken under the rescinded circulars, prior to such rescission, shall be deemed to have been done or taken under the corresponding provisions of this Circular;

7.2. the previous operation of the rescinded circulars or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded circulars, any penalty, incurred in respect of any violation committed against the rescinded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded circulars has never been rescinded.

8. All the Entities and Designated Bodies shall comply with this Circular. Market Infrastructure Institutions and Designated Bodies shall bring the provisions of this Circular to the notice of all listed companies and registered intermediaries, and disseminate the same on their respective websites.

### **Annexure I**

#### **Framework for handling of investor grievances received through SCORES by Entities and monitoring of the redressal process by designated bodies.**

##### **1. Submission of the Complaint and handling of the Complaint by the Entity:**

- 1.1. All Entities shall review the investors' grievances redressal mechanism from time to time to further strengthen it and rectify the existing shortcomings, if any, in line with this circular.
- 1.2. All Entities who are in receipt of the complaints of the investors ("**Complaint**") through SCORES, shall resolve the complaint within 21 calendar days of receipt of such Complaint.
- 1.3. The Complaints lodged on SCORES against any Entity shall be automatically forwarded to the concerned Entity through SCORES for resolution and submission of ATR. Entities shall resolve the Complaint and upload the ATR on SCORES within 21 calendar days of receipt of the Complaint. The ATR of the entity will be automatically routed to the complainant.
- 1.4. The Complaint against the Entity shall be simultaneously forwarded through SCORES to the relevant Designated Body as mentioned under **Schedule II**. The Designated Body shall ensure that the concerned Entity submits the ATRs within the stipulated time of 21 calendar days.
- 1.5. The Designated Body shall monitor the ATRs submitted by the entities under their domain and inform the concerned entity to improve the quality of redressal of grievances, wherever required.
- 1.6. SEBI may concurrently monitor grievance redressal process by entities and Designated Bodies.

##### **2. First review of the Complaint:**

- 2.1. In case complainant is satisfied with the resolution provided by the entity vide the ATR or complainant does not choose to review the Complaint, the Complaint shall be disposed on SCORES. However, if the complainant is not satisfied, the complainant may request for a review of the resolution provided by the entity within 15 calendar days from the date of the ATR.
- 2.2. In case the complainant has requested for a review of the resolution provided by the entity or the entity has not submitted the ATR within the stipulated time of 21 calendar days, the concerned Designated Body shall take cognizance of the

Complaint for first review of the resolution through SCORES. The Designated Body shall take up the first review with the concerned Entity, wherever required. The concerned Entity shall submit the ATR to the Designated Body within the time stipulated by the Designated Body.

2.3. The Designated Body may seek clarification on the ATR submitted by the Entity for the first review. The concerned Entity shall provide clarification to the respective Designated Body, wherever sought and within such timeline, as the Designated Body may stipulate. The Designated Body shall stipulate the timeline in such a manner to ensure that the Designated Body submits the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.

2.4. The Designated Bodies shall be responsible for:

2.4.1. Monitoring and handling grievance redressal of investors against respective entities under their domain as stipulated under **Schedule II**.

2.4.2. Taking non-enforcement actions including issuing advisories, caution letters for non-redressal of investor grievances and referring to SEBI for enforcement actions.

### **3. Second Review of the Complaint:**

3.1. The complainant may seek a second review of the Complaint within 15 calendar days from the date of the submission of the ATR by the Designated Body. In case the complainant is satisfied with the ATR provided by the concerned Designated Body or complainant does not choose to review the Complaint within the period of 15 calendar days, the Complaint shall be disposed on SCORES.

3.2. In case the complainant is not satisfied with the ATR provided by the Designated Body or the concerned Designated Body has not submitted the ATR within 10 calendar days, SEBI may take cognizance of the Complaint for second review through SCORES.

3.3. SEBI may take up the review with stakeholders involved, including the concerned entity or/and Designated Body. The concerned entity or/and Designated Body shall take immediate action on receipt of second review complaint from SEBI and submit revised ATR to SEBI through SCORES, within the timeline specified by SEBI.

3.4. SEBI or the Designated Body (as the case may be) may seek clarification on the ATR submitted by the concerned entity for SEBI review complaint. The concerned entity shall provide clarification to the respective Designated Body and/or SEBI, wherever sought and within such timeline as specified. The second review Complaint shall be treated as 'resolved' or 'disposed' or 'closed' only when SEBI 'disposes' or 'closes' the Complaint in SCORES. Hence, mere filing of ATR with respect to SEBI review complaint will not mean that the SEBI review complaint is disposed.

### **4. SCORES authentication for registered intermediaries and market infrastructure institutions:**



- 4.1. The procedure for generation of SCORES user ID and password is fully automated for all SEBI registered intermediaries and Mils registered or recognised by SEBI after August 02, 2019. SCORES user ID and password details shall be sent through auto-generated e-mails, upon completion of process of online grant of registration by SEBI.
  - 4.2. The SCORES user ID and password details shall be sent to the e-mail ID of the Contact Person or the Compliance Officer as provided in the online Registration Form (submitted through the SEBI Intermediaries Portal — <https://siportal.sebi.gov.in>).
  - 4.3. Stock Brokers and Depository Participants shall also obtain SCORES authentication. The procedure for obtaining SCORES authentication shall be as may be specified.
- 5. SCORES authentication for companies intending to list their securities on recognized stock exchanges:**
- 5.1. All companies intending to get their securities listed on the recognized stock exchanges shall obtain SCORES authentication through the online mechanism available at the SCORES website [www.scores.gov.in](http://www.scores.gov.in).
  - 5.2. The companies shall be required to apply for the authentication through the online form available on the abovementioned SCORES website in accordance with the instruction document provided on the website.
  - 5.3. Companies shall attach a declaration, with the online form, on the letter head of the company signed by the Compliance Officer, as under:
    - 5.3.1. Companies intending to list on Main Board: A declaration that the Draft Red Herring Prospectus has been submitted to SEBI.
    - 5.3.2. Companies intending to list on SME/Debt Platform of stock exchange: A declaration that an application to list its securities has been submitted with the stock exchange/in-principal approval to list its securities has been obtained from the stock exchange.
  - 5.4. The SCORES credentials shall be sent to the e-mail ID of the Compliance Officer or the Dealing Officer as provided in the online form.
  - 5.5. Complaints against listed companies can be processed by companies in-house or through its Registrar to Issue and Share Transfer Agent (RTI/STA). In case the complaints are processed by the RTI/STA on behalf of the listed company, any failure on the part of the RTI/STA to redress the complaint or failure to update Action Taken Report (ATR) in SCORES, will be treated as failure of the listed company to furnish information to SEBI and non redressal of investor complaints by the listed company.
  - 5.6. The Entities can update their primary e-mail address in SCORES where all notifications related to SCORES complaints are sent.

**6. Access to SCORES Portal and other requirements applicable to Designated Bodies:**

- 6.1. The Designated Bodies shall take SCORES Authentication from SEBI. The Designated Bodies shall fill the form placed at **Schedule IV** and submit the same [to scores@sebi.gov.in](mailto:scores@sebi.gov.in). The SCORES user id and password details shall be sent to the e-mail id provided in the Registration Form.
- 6.2. The Designated Bodies shall provide generic e-mail id for the purpose of obtaining SCORES authentication. Further the Designated Bodies shall appoint one nodal officer for the purpose. The details of the nodal officer shall be updated with SEBI, through SCORES or/and through e-mail intimation.  
The Designated bodies who already have a complaint redressal portal of their own and desires to integrate it to SCORES through Application Programming Interface (API) shall write to SEBI [at scores@sebi.gov.in](mailto:scores@sebi.gov.in) for the same. It may be noted that SCORES Authentication is mandatory for all the Designated Bodies even though integrated to SCORES through API.
- 6.4. The Designated Bodies shall have adequate infrastructure/systems in place like manpower etc. to comply with the requirements and process laid down in this circular.
- 6.5. The Designated Bodies shall have adequate systems in place to curb leakage of any data received through SCORES.
- 6.6. The Designated Bodies shall maintain Management Information Systems (MIS) reports, which shall be shared with the concerned entities so the latter can adequately track timelines for submission of ATR. SEBI may also require the Designated Bodies to furnish MIS reports in such form and on such periodicity as it may specify from time to time.
- 6.7. SEBI may appoint or remove any Designated Body for various class of registered intermediaries from time to time.

**7. Action for failure to redress investor complaints by listed companies:**

- 7.1. The procedure and actions mentioned below shall only be applicable for categories of complaints placed at **Schedule V**.
- 7.2. The Designated Stock Exchange (DSE) shall levy a fine of ₹ 1000 per day per complaint on the listed company for violation of Regulation 13 (1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (LODR Regulations) read with **SEBI** circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020.
- 7.3. Fines shall also be levied on companies, which are suspended from trading on the stock exchanges.

- 7.4. **DSE** shall issue a notice intimating the listed company about the levy of fines while also directing it to submit ATRs on the pending complaints and payment of the fines within 15 days from the date of such notice.
- 7.5. In case the listed company fails to redress the grievances and/or pay fine levied within 15 days from the date of such notice, the concerned **DSE** shall issue notices to the promoter(s) of such listed company, to ensure submission of ATRs on the pending complaints and payment of fines by the listed company within 10 days from the date of such notice.
- 7.6. In case the listed entity fails to comply with the aforesaid requirement and/ or pay fine levied within the stipulated period as per the notices, the **DSE** shall forthwith intimate the depositories to freeze the entire shareholding of the promoter(s) in such listed company as well as all other securities held in the demat account of the promoter(s).
- 7.7. The depository(ies) shall immediately freeze such demat accounts and also intimate the promoter(s) about the details of non-compliances resulting in freezing of their demat accounts.
- 7.8. In case the listed entity fails to pay the fine or resolve the complaint despite receipt of the notice as stated above, the DSE may initiate other action as deemed appropriate.
- 7.9. While issuing the aforementioned notices, the DSE shall also send intimation to other recognized stock exchange(s) where the shares of such company are listed.
- 7.10. The fine shall be computed and levied on a monthly basis during the noncompliance period.
- 7.11. Amount of fine shall continue to accrue till the date of filing of ATR to the effect of redressal of grievance by the company or till the company is compulsorily delisted, whichever is earlier.
- 7.12. Upon exhaustion of all options as mentioned hereinabove, and if the number of pending complaints exceed 20 or the value involved in such complaints is more than ? 10 lakhs, stock exchanges shall forward all the complaints against such listed companies to SEBI for further action, if any.
- 7.13. Stock exchanges may deviate from the above procedure and actions, if found necessary, only after recording reasons in writing.
- 7.14. Stock exchanges shall intimate SEBI through SCORES about all actions taken against the listed company for non-resolution of the complaints and nonpayment of fines.
- 7.15. The time-line the actions to be taken by stock exchanges for non-resolution of investor grievances is provided in **Schedule VI**.

## Annexure II

### General provisions regarding investor grievance redressal

1. Investors shall first take up their grievances for redressal with the entity concerned, through their designated persons/officials who handle issues relating to compliance and redressal of investor grievances.
2. Investors who wish to lodge a Complaint on SCORES (complainant) are required to register themselves on [www.scores.gov.in](http://www.scores.gov.in) by clicking on "Register here" under the "Investor Corner". While filing the registration form, details like Name of the investor, Permanent Account Number (PAN), contact details, email id, are required to be provided for effective communication and speedy redressal of the grievances. Upon successful registration, a unique user id and a password shall be generated and communicated through an acknowledgement email to the complainant.
3. In order to enhance ease, speed and accuracy in the redressal of grievance, the investor may lodge the Complaint against any Entity on SCORES within a period of one year from the date of occurrence of the cause of action where:
  - 3.1. The complainant has approached the Entity for redressal of the complaint and the Entity has rejected the complaint or the complainant has not received any communication from the concerned Entity; or
  - 3.2. The complainant is not satisfied with the reply received or the redressal by the concerned Entity.
4. If any complaint filed on SCORES beyond the limitation period specified above, SEBI may reject such complaint.
5. The following types of complaints shall not be dealt through SCORES:
  - 5.1. Complaints against companies which are unlisted/delisted and companies on Dissemination Board of Stock Exchanges (except complaints on valuation of securities).
  - 5.2. Complaints relating to cases pending in a court or subject matter of quasi-judicial proceedings, matters pending with Online Dispute Resolution of SEBI etc.
  - 5.3. Complaints falling under the purview of other regulatory bodies such as Reserve Bank of India, (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority of India (PFRDAI), Competition Commission of India (CCI), or complaints falling under the purview of other ministries.
  - 5.4. Complaints against a company under resolution under the relevant provisions of the Insolvency and Bankruptcy Code, 2016 (IBC).
  - 5.5. Complaints against the companies where the name of company is struck off from Register of Companies (RoC) or a vanishing company as published by MCA.

- 5.6. Liquidated Companies or companies under liquidation.
- 5.7. Complaints which are in the nature of market intelligence i.e., information given to SEBI regarding violation of any of the provisions of the securities laws.
6. Notwithstanding anything specified in this circular, SEBI shall handle the first review complaint for categories of intermediaries where no Designated Body has been appointed for the purpose.
7. The complainant in the event of being dissatisfied shall give reasons for not being satisfied with the ATR and provide clear reasons for review at any stage.
8. SCORES shall only be a facilitative platform for investors to get redressal of their grievances from the concerned entity.
9. In cases where investors raise issues, which require adjudication on any third party rights, on questions of law or fact or which is in the nature of a /is between parties, or if investors are not satisfied with disposal on SCORES post SEBI review, they shall seek appropriate remedies through the Online Dispute Resolution mechanism in securities market. In addition, investors have the option to approach legal forums including civil courts, consumer courts etc.

Investors can approach the Online Dispute Resolution mechanism or other appropriate civil remedies at any point of time. In case the complainant opts for Online Dispute Resolution mechanism or other appropriate civil remedies while the complaint is pending on SCORES, the complaint shall be treated as disposed on SCORES.

**Schedule I**

**(To SEBI/H0/01AE/IGRD/CIR/P/2023/156 dated September 20, 2023)**

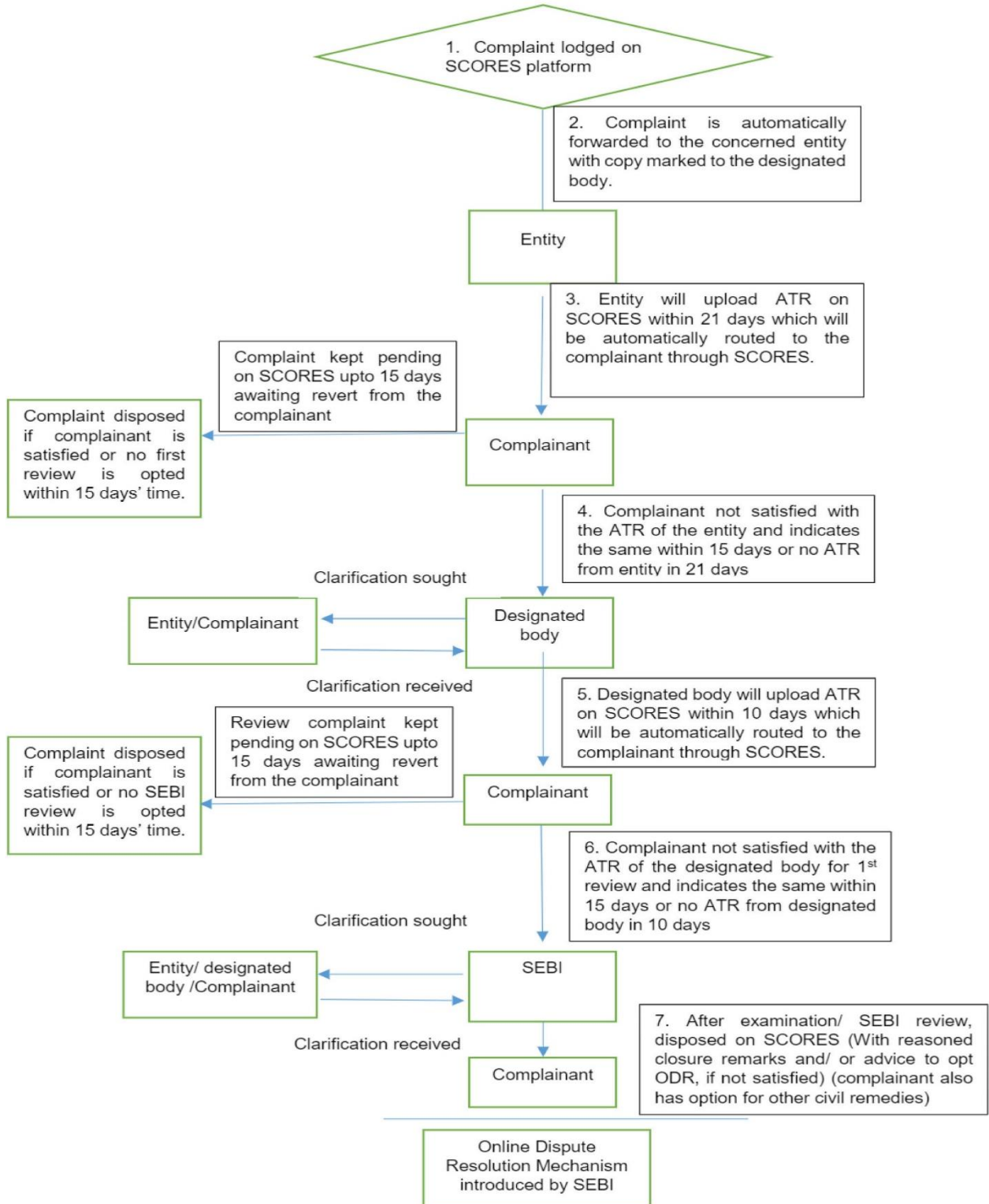
<b>S.no</b>	<b>Regulations</b>	<b>Clauses</b>
1.	Securities and Exchange Board of India (Stock Brokers) Regulations, 1992	9(e)
2.	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992	9(a)(1)(c); 28C
3.	Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	9(a)(1)(e); 15C
4.	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993	9(A)(1)(c); 14B
5.	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994	8(A)(1)(d); 16B
6.	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996	60A
7.	Securities and Exchange Board of India (Collective Investment Scheme) Regulations, 1999	11(F); 14B
8.	SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008	7C; 11(3)(r);
9.	Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011	16C
10.	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012	24A
11.	Securities and Exchange Board of India (Investment Advisers) Regulations, 2013	21(1)
12.	Securities and Exchange Board of India (Research Analysts) Regulations, 2014	26B
13.	Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014	26F
14.	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014	26L
15.	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	13
16.	Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015	27C
17.	Securities and Exchange Board of India (Depositories and Participants) Regulation, 2018	7(g), 36(2)(f);
18.	Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020	11(d); 34A
19.	Securities and Exchange Board of India (Vault Managers) Regulations 2021	16b

**Schedule II**

**(To SEBI/H0/01AE/IGRD/CIR/P/2023/156 dated September 20, 2023)**

<b>Sr. No.</b>	<b>Intermediary</b>	<b>Name of the Designated Body</b>
1	Listed companies	Stock Exchanges
2	Merchant Bankers	Association of Investment Bankers of India (AIBI)
3	Bankers to an Issue	Association of Investment Bankers of India (AIBI)
4	Real Estate Investment Trusts	Indian REITs Association
5	Municipal Debt Securities	Stock Exchanges
6	Debenture Trustees	Trustees Association of India
7	Portfolio Managers	Association of Portfolio Managers in India (APMI)
8	Mutual Funds	Association of Mutual Funds in India (AMFI)
9	Depository Participants	Depositories
10	Investment Advisers	13SE Administration & Supervision Ltd. (BASL)
11	Registrars to an Issue and Share Transfer Agents	Stock Exchanges
12	Stock Brokers	Stock Exchanges
13	Vault Managers	Depositories

**Schedule III**  
**(To SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023)**





**Schedule IV**

**(To SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023)**

**A. Name of the Designated Body:**

\_\_\_\_\_

**B. Registered Office Address:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**C. Identification Number (PAN or specify):** \_\_\_\_\_

**D. Date of incorporation:** \_\_\_\_\_

**E. SCORES Details:**

I. E-mail ID (For the purpose of SCORES Authentication):

\_\_\_\_\_

1. Phone Number: \_\_\_\_\_

111. Mobile Number (Optional): \_\_\_\_\_

**F. Nodal Officer Details:**

I. Name: \_\_\_\_\_

11. Designation: \_\_\_\_\_

111. Mobile Number: \_\_\_\_\_

IV. E-mail ID: \_\_\_\_\_

V. Phone Number (Optional): \_\_\_\_\_

**Schedule V**

**(To SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023)**

1. Non updation of address /Signature or Corrections etc.
2. Non-receipt of Bonus
3. Non receipt of Dividend
4. Non receipt duplicate debt securities certificate
5. Non-receipt of duplicate share certificate
6. Non receipt of fractional entitlement
7. Non receipt of interest for delay in dividend
8. Non receipt of interest for delay in payment of interest on debt security
9. Non receipt of interest for delay in redemption proceeds of debt security
10. Non receipt of interest for delay in refunds
11. Non receipt of interest on securities
12. Non receipt of redemption amount of debt securities
13. Non receipt of refund in Public/ Rights issue
14. Non receipt of Rights Issue form
15. Non receipt of securities after conversion/ endorsementU consolidation/ splitting
16. Non receipt of securities after transfer
17. Non receipt of securities in public/ rights issue
18. Non receipt of shares after conversion/ endorsementU consolidation/ splitting
19. Non receipt of shares after transfer
20. Non receipt of shares after transmission
21. Non receipt of shares in public/ rights issue (including allotment letter)
22. Non-receipt of interest for delay in dispatch/credit of securities
23. Receipt of refund/ dividend in physical mode instead of electronic mode
24. Receipt of shares in physical mode instead of electronic mode
25. DemaUREmat
26. Complaints of any other nature as may be informed from time to time

**Schedule VI**

**(To SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023) Timelines for handling of complaints and actions in case of non-compliances**

<b>Sr. No.</b>	<b>Activity</b>	<b>No of calendar days</b>
1.	<b>Complaint handling:</b>	
a.	Complaint received in SCORES by the listed company	T
2.	<b>Action in case of non-compliances:</b>	
a.	Notice to Listed company intimating the fine @ 1000/- per day, per complaint to be levied for not resolving the complaints within 60 days	T+61
b.	Notice to Promoters for non-resolution of complaints and non- payment of fine to the stock exchange.	T+76
c.	Freezing of promoter's shareholdings (i.e. entire shareholding of the promoter(s) in listed company as well as all other securities held in the demat account of the promoter(s)) in demat account.	T+86
d.	Stock exchanges may take any other actions, as deemed appropriate.	
e.	Once Stock exchange has exhausted all options and yet the number of pending complaints exceed 20 or the value involved is more than 10 lakhs, the Exchange to forward the details of such Listed companies to SEBI for further action, if any	

**8) Extension of timeline for implementation of provisions of circular SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 on Redressal of investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution platform.**

1. The provisions of circular with ref. no. SEBI/H0/01AE/IGRD/CIR/P/2023/156 dated September 20, 2023 related to work flow of processing of investor grievances by Entities and framework for monitoring and handling of investor complaints by the Designated Bodies were required to come into force with effect from December 04, 2023.
2. Further, the designated bodies referred to in the Schedule II of circular SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 were required to apply for SCORES Authentication and/or for Application Programming Interface (API) integration with SCORES within such period so as to ensure that Designated Bodies can comply with provisions of the said circular by December 04, 2023 and onwards.
3. It has been decided to extend the effective date of implementation of above said provisions to April 01, 2024.
4. Accordingly, Circular SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 shall rescind the Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform SEBI/H0/01AE/IGRD/P/CIR/2022/0150 dated November 07, 2022 on SCORES with effect from April 01, 2024.
5. The Entities however, shall continue to submit the Action Taken Report ("ATR") on SCORES within 21 calendar days from the date of receipt of the complaint as directed in circular SEBI/H0/01AE/IGRD/CIR/P/2023/156 dated September 20, 2023.
6. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market

**9) Revised Penalty Structure w.r.t. Unauthorised trades executed in the clients' account**

This is furtherance to the Exchange Circular No. MSE/INSP/5753/2017, dated November 13, 2017 and Circular No. MSE/ISC/13913/2023, dated August 03, 2023, regarding penalty to be levied on the cases of unauthorized trading and amendment to the penalty structure.

As per SEBI circular dated July 31, 2023, new online Dispute Redressal (ODR) has been introduced by SEBI wherein the existing mechanism of complaint redressal through IGRC has been discontinued and a conciliation process through the conciliator has been introduced with effect from August 16, 2023.

The Exchange has now reviewed the said penalty norms and revised the same as follows:

Details of contravention	Penalty
<p>a) Unauthorized trading** observed by Arbitrators while finalizing Arbitration award under old mechanism, even if trading member settles the claim.</p> <p>b) Unauthorized trading** as being observed by Conciliator/ Arbitration under Online Dispute Resolution (ODR) mechanism introduced w.e.f. August 16, 2023, even if trading member settles the claim.</p> <p>** (induced trades or trades executed by the trading member using any unfair means i.e. obtaining user ID and password of the client to execute trades etc., without the consent of the client).</p>	<p>I. Monetary Penalty per case shall be Rs.50,000/- or 3% of the admissible amount whichever is higher as determined in the conciliatory mechanism / Arbitration award.</p> <p>II. In addition to above penalty,</p> <p>a. Member will be debarred from taking new clients for a period of one month, in case 25% of all the complaints (not less than 05) placed before conciliatory mechanism / Arbitration in the immediately preceding calendar quarter are determined by it to be unauthorized trading cases.</p> <p>b. Where the number of unauthorized trading cases as per the numbers indicated at (II)(a) persist for three consecutive quarters, the Member concerned will be debarred from taking new clients and Authorized Persons (APs) if any, for a period of three months.</p> <p>c. The number of unauthorized trading cases as per numbers indicated at (II)(a) persists beyond three consecutive quarters, the matter be placed before the relevant Committee, for action.</p> <p>d. Member will be referred for special purpose inspection in case any of the above instances i.e., (II) (a, b, c) is triggered.</p>

The revised penalty structure shall be applicable for all the cases placed before conciliator/s or Arbitrator/s from the date of issue of this notice.

## **C. Online Resolution of Disputes in the Indian Securities Market**

### **1) Online Resolution of Disputes in the Indian Securities Market**

1. After extensive public consultations and in furtherance of the interests of investors and consequent to the gazette notification (dated July 3, 2023) of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 the existing dispute resolution mechanism in the Indian securities market is being streamlined under the aegis of Stock Exchanges and Depositories (collectively referred to as Market Infrastructure Institutions (MIs)),<sup>1</sup> by expanding their scope and by establishing a common Online Dispute Resolution Portal ("ODR Portal") which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.

#### **Investors and Listed Companies/Specified Intermediaries/Regulated entities under the ambit of ODR**

2. Disputes between Investors/Clients and listed companies (including their registrar and share transfer agents) or any of the specified intermediaries / regulated entities in securities market (as specified in Schedule A) arising out of latter's activities in the securities market, will be resolved in accordance with this circular and by harnessing online conciliation and/or online arbitration as specified in this circular. Listed companies / specified intermediaries / regulated entities OR their clients/investors (or holders on account of nominations or transmission being given effect to) may also refer any unresolved issue of any service requests / service related complaints<sup>2</sup> for due resolution by harnessing online conciliation and/or online arbitration as specified in this circular.
3. Disputes between institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in Schedule B can be resolved, at the option of the institutional or corporate clients:
  - a. in accordance with this circular and by harnessing online conciliation and/or online arbitration as specified in this circular; OR
  - b. by harnessing any independent institutional mediation, conciliation and/or online arbitration institution in India.

For existing and continuing contractual arrangements between institutional or corporate clients and specified intermediaries / regulated entities in the securities market as specified in Schedule B, such option should be exercised within a period of six months, failing which option

as specified in (a) above will be deemed to have been exercised. For all new contractual arrangements, such choice should be exercised at the time of entering into such arrangements.

4. Disputes between MII and its constituents which are contractual in nature shall be included in the framework at a future date as may be specified<sup>3</sup> while expressly excluding disputes/appeals/reviews/challenges pertaining to the regulatory, enforcement role and roles of similar nature played by Mils.

#### **Introduction of the common Online Dispute Resolution Portal**

5. The Mils shall, in consultation with their empaneled ODR Institutions, establish and operate a common Online Dispute Resolution Portal ("ODR Portal"). The Mils will make joint efforts to develop and operationalize the ODR Platform. For the purposes of implementation of this circular, the Mils shall enter into an agreement amongst themselves, which will, *inter alia*, outline the nature of their responsibilities, the cost of development, operating, upgradation, maintenance (including security of data of investors and intermediaries as specified by the Board from time to time) and for inspection and/or audit of the ODR Platform. The Board may, from time to time, undertake inspection in order to ensure proper functioning of ODR Portal and Mils shall provide complete cooperation to the Board in this regard.

It is clarified that Mils which are initially excluded from the round robin system (as described below) are not required to incur any costs for development and maintenance of the ODR Portal during the period of such exclusion.

6. Each Mils will identify and empanel one or more independent ODR Institutions which are capable of undertaking time-bound online conciliation and/or online arbitration (in accordance with the Arbitration and Conciliation Act, 1996 and any other applicable laws) that harness online/audio-video technologies and have duly qualified conciliators and arbitrators. The norms for empanelment of ODR Institutions are specified in Schedule C of this circular as also the continuing obligations of the ODR Institutions. The ODR Portal shall have due connectivity with each such ODR Institution as is required for undertaking the role and activities envisaged in this circular. Such ODR Portal shall establish due connectivity with the SEBI SCORES portal / SEBI Intermediary portal.
7. All the Mils shall participate on the ODR Portal and provide investors/clients and listed companies (including their registrar and share transfer agents) and the specified intermediaries / regulated entities in the securities market access to the ODR Portal for resolution of disputes between an investor/client and listed companies (including their

registrar and share transfer agents) and the specified intermediaries / regulated entities in the securities market, through time bound online conciliation and/or online arbitration.

8. All listed companies / specified intermediaries / regulated entities in the securities market (collectively referred to as "Market Participant/s") shall enroll on the ODR Portal within the timelines as specified at paragraphs 46 and 47 of this circular. The enrollment process shall also include executing electronic terms/agreements with Mils and the ODR Institutions. Facility to register Market Participants into the ODR Portal by utilising the credentials used for SEBI SCORES portal / SEBI Intermediary portal may be also provided.
9. All market participants and Mils are advised to display a link to the ODR Portal on the home page of their websites and mobile apps.
10. The modalities of the ODR Portal along with the relevant operational guidelines and instructions may be specified by the Board from time to time.

#### **Initiation of the dispute resolution process**

11. An investor/client shall first take up his/her/their grievance with the Market Participant by lodging a complaint directly with the concerned Market Participant. If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting all available options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.
12. Alternatively, the investor/client can initiate dispute resolution through the ODR Portal if the grievance lodged with the concerned Market Participant was not satisfactorily resolved or at any stage of the subsequent escalations mentioned in the paragraph 11 above (prior to or at the end of such escalation/s). The concerned Market Participant may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the investor/client for resolution of the dispute which has not been satisfactorily resolved between them.
13. The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the paragraph 11 above or SCORES guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law.



14. The dispute resolution through the ODR Portal can be initiated when within the applicable law of limitation (reckoned from the date when the issue arose/occurred that has resulted in the complaint/date of the last transaction or the date of disputed transaction, whichever is later).

#### **ODR Portal and allocation system**

15. The ODR Portal shall have the necessary features and facilities to, *inter alia*, enrol the investor/client and the Market Participant, and to file the complaint/dispute and to upload any documents or papers pertaining thereto. It shall also have a facility to provide status updates on the complaint/dispute which would be obtained from the ODR Institutions. The features and facilities shall be periodically reviewed and upgraded by the Mills as well as new features and facilities added from time to time as required by the Board. The ODR Portal shall be subject to inspection and/or audit for, *inter alia*, verifying the adherence to these norms and applicable SEBI regulations, circulars and advisories.
16. A complaint/dispute initiated through the ODR Portal will be referred to an ODR Institution empaneled by a Mil and the allocation system on a market-wide basis will be a round-robin system to govern the allocation of each such dispute among all such empaneled

ODR Institution/s *subject that* for an initial period (as specified by the Board):

- a. complaints/disputes arising with a specific trading member for an exchange transaction or a listed company, shall be referred to the ODR Institution/s empaneled by the relevant Stock Exchange, and disputes arising with a specific depository participant, shall be referred to the ODR institution/s empaneled by the relevant Depository. If the MII has empaneled more than one ODR Institution, then at such level as well, a round robin system will govern allocation of references among them.
- b. Further, Stock Exchanges operating only commodities segment, the ODR Institution/s empaneled by such Stock Exchange is/are excluded from the market-wide round robin system. Other conditions in (a) above will continue to apply to such Stock Exchanges and ODR Institution/s.
- c. Further, references to ODR Institutions shall be made after a review of such complaint/dispute by the relevant MII with the aim of amicable resolution and which review shall be concluded within 21 calendar days (or such other period that the Board may specify).

#### **Conciliation**

17. The ODR Institution that receives the reference of the complaint/dispute shall appoint a sole independent and neutral conciliator from its panel of conciliators. Such conciliator shall have relevant qualifications or expertise (please refer to Schedule D), and should not be connected with or

linked to any disputing party. Mills shall ensure that appropriate measures are put in place by regarding appointment of conciliators by the ODR Institutions.

18. Such conciliator shall conduct one or more meeting/s for the disputing parties to reach an amicable and consensual resolution within 21 calendar days (unless extended for a maximum period of 10 calendar days by consent of the disputing parties to be recorded in writing/electronically) from the date of appointment of conciliator by the ODR Institution, which shall do so within 5 days of receipt of reference of the complaint/dispute by the ODR Institution. Apart from attempting to actively facilitate consensual resolution of the complaint/dispute, the conciliator may consider advising the Market Participant to render required service in case of service-related complaints/disputes and/or consider issuance of findings on admissibility of the complaint/dispute or otherwise in case of trade related complaints/dispute (as the case may be).
19. If the process of conciliation is successful, the same shall be concluded by a duly executed settlement agreement between the disputing parties. Such an agreement shall be executed and stamped through an online mode, as permissible in law. When such agreement requires the Market Participant to pay the admissible claim value to the investor/client, the MII shall monitor the due payment/adherence to the terms of the settlement agreement until due receipt by the investor/client and/or performance of the required terms of settlement agreement.
20. In case the matter is not resolved through the conciliation process within the 21 calendar days (or within the extended period of 10 calendar days, extended by consent of the disputing parties):
  - a. the conciliator should ascertain the admissible claim value of the complaint/dispute that the conciliator determines is payable to the investor/client and notify the disputing parties as well as the ODR Institution and the MII of the same. Such determination should also be made in all claims/complaints/disputes where the monetary value has not been ascribed by the person initiating the dispute;
  - b. An investor/client may pursue online arbitration (which will be administered by the ODR Institution which also facilitated the conduct of conciliation) on or after the conclusion of a conciliation process when the matter has not been resolved through such process, subject to payment of fees as applicable for online arbitration;
  - c. In case the Market Participant wishes to pursue online arbitration (which will be administered by the ODR Institution which facilitated the conduct of conciliation), then the Market Participant must deposit 75% of the admissible claim value with the relevant MII prior to initiation of the online arbitration and make the payment of fees as applicable for online arbitration. In case the Market Participant fails to deposit the amount then they may not initiate online arbitration and they may also face consequences as determined necessary or appropriate by the Stock Exchange and could also be liable to be declared as not 'Fit and Proper' in terms of the SEBI (Intermediaries) Regulations, 2008 and would be, inter-alia, liable to have their registration cancelled or their

business activities suspended. A listed company that fails to deposit the amount may also face consequences as determined necessary or appropriate by the Stock Exchange. On an application made by the investor/client in this behalf to the relevant MII, the MII may, from the deposit received, release such amount to the investor/client not exceeding Rs 5,00,000/- (Rupees Five lakhs) or such sum as may be specified from time to time. On or before release of the said amount to the investor/client, the MII shall obtain appropriate undertaking/ indemnity / security in such form, manner and substance from the investor/client to ensure return of the amount so released, in case the arbitration proceedings are decided against the investor/client. If the arbitration proceeding is decided against the investor/client, subject to the terms of the arbitral award, such investor/client should return the released amounts. If the investor/client fails to return the amount released, then the investor/client (based on PAN of the investor/client) shall not be allowed to trade on any of the Stock Exchanges or participate in the Indian Securities Market till such time the investor/client returns the amount to the Market Participant. Further, the securities lying in the demat account(s) or the mutual fund holdings of the investor/client shall be frozen till such time as the investor/client returns the amount to the Market Participant. If security had been obtained, the same could be enforced/realised and adjusted towards the amount required to be returned. In the event, the arbitration proceeding is decided in favour of the investor/client, subject to the terms of the arbitral award, the Mil shall release the balance deposit held by it (as deposited by the Market Participant) to the investor/client. The Mil shall also monitor the due compliance by the Market Participant with the terms of the arbitral award.

### **Arbitration**

21. When the investor/client and/or the Market Participant pursue online arbitration, the ODR Institution shall appoint a sole independent and neutral arbitrator from its panel of arbitrators within 5 calendar days of reference. Such arbitrator shall have relevant qualifications or expertise (please refer to Schedule D), and should not be connected with or linked to any disputing party. In the event that the aggregate of the claim and/or counter-claim amount exceeds Rs 30,00,000/- (Rupees Thirty Lakhs) or such amount as the Board may specify from time to time, the matter shall be referred to an Arbitral Tribunal consisting of three Arbitrators (within 5 calendar days of reference). Mils shall ensure that measures are put in place by regarding appointment of arbitrators by the ODR Institutions. In the instance where the parties wish to withdraw from arbitration before the arbitrator has been appointed then the fees shall be refunded after deducting the applicable expenses not exceeding Rs 100/- (Rupees One Hundred). However, withdrawal shall not be permitted after appointment of an arbitrator.
22. Subject to value of claim and/or counter-claim being in excess of Rs 1,00,000/- (Rupees One Lakh), the Sole Arbitrator or Arbitral Tribunal shall conduct one or more hearing/s and pass the arbitral award within 30 calendar days (or such other period as the Board may specify) of the appointment in the matter. When the value of claim and/or counterclaim is Rs 1,00,000/- (Rupees One Lakh) or below (or such other sum as the Board may specify from time to time), the Sole Arbitrator shall

conduct a document-only arbitration process and pass the arbitral award within 30 calendar days (or such other period as the Board may specify) of the appointment in the matter.<sup>5</sup> However, the arbitrator, for reasons to be recorded in writing/electronically, may grant a hearing to the parties to the dispute. The Sole Arbitrator or Arbitral Tribunal shall be at liberty to extend such time for disputes exceeding claims and/or counterclaims of Rs 1,00,000/- (Rupees One Lakh) (or such other sum as the Board may specify from time to time), upto a further period of 30 calendar days (or such other period as the Board may specify) and for reasons to be recorded in writing/electronically, when the matter requires detailed consideration. The Sole Arbitrator or Arbitral Tribunal may, having regard to the nature of the claim and/or counterclaim, provide interim relief as may be required for reasons to be recorded after affording hearing to the parties to the dispute. The parties may make an application under the relevant section of the Arbitration and Conciliation Act, 1996 for correction/rectification of the award.

23. Upon the conclusion of the arbitration proceedings and issuance of the arbitral award, subject to the terms of the arbitral award, when such arbitral award requires payment of any amount by the Market Participant or performance by it of a certain nature, then such payment shall be made by the Market Participant within a period of 15 calendar days from the date of the arbitral award (unless such award requires payment sooner), and/or performance within such period as specified by the arbitral award. The MII shall monitor the due payment/adherence to the terms of the arbitral award until due receipt by the investor/client and/or performance of the terms of arbitral award. In the event, the parties do not comply with the arbitral award, the relevant MII shall inform the Board regarding such non-compliance on a periodic basis. Furthermore, the relevant MII shall provide necessary assistance to the investor/client for enforcement of the arbitral award.
24. Upon the issuance/pronouncement of the arbitral award, the party against whom order has been passed, will be required to submit its intention to challenge the award under Section 34 of the Arbitration Act within 7 calendar days. Further, in the course of such a challenge, if a stay is not granted within 3 months from the date of the receipt of award, complete adherence to the terms of the arbitral award must be done.
25. If the Market Participant wishes to challenge such an arbitral award, then the Market Participant must deposit 75% of the amounts payable in terms of the arbitral award with the relevant MII prior to initiation of the challenge. In case the specified intermediary/regulated entity fails to deposit the amount then they may also face consequences as determined necessary or appropriate by the Stock Exchange and could also be liable to be declared as not 'Fit and Proper' in terms of the SEBI (Intermediaries) Regulations, 2008 and would be inter-alia, liable to have their registration cancelled or their business activities suspended. A listed company that fails to deposit the amount may also face consequences as determined necessary or appropriate by the Stock Exchange. On an application made by the investor/client in this behalf to the relevant MII, the MII may, from the deposit received, release such amount to the investor/client not exceeding Rs 5,00,000/- (Rupees five lakhs) or such sum as may be specified from time to time. On or before release of the said amount to the investor/client,

the MII shall obtain appropriate undertaking/ indemnity / security from the investor/client to ensure return of the amount so released, in case the challenge is decided against the investor/client. If the challenge is decided against the investor/client, subject to the judgement of the appellate forum, such investor/client should return the released amounts. If the investor/client fails to return the amount released, then the investor/client (based on PAN of the investor/client) shall not be allowed to trade on any of the Stock Exchanges or participate in the Indian Securities Market till such time the investor/client returns the amount to the Market Participant. Further, the securities lying in the demat account(s) or the mutual fund holdings of the investor/client shall be frozen till such time as the investor/client returns the amount to the Market Participant. If security had been obtained, the same could be enforced/realised and adjusted towards the amount required to be returned. In the event, the challenge is decided in favour of the investor/client, subject to the terms of the judgement of the appellate forum, the MII shall release the balance deposit held by it (as deposited by the Market Participant) to the investor/client. The MII shall also monitor the due compliance by the Market Participant with the terms of the arbitral award/judgement of the appellate forum.

### **Form of Proceedings**

26. The ODR Institutions shall conduct conciliation and arbitration in the online mode, enabling online/audio-video participation by the investor/client, the Market Participant and the conciliator or the arbitrator as the case may be. The investor/client may also participate in such online conciliation and arbitration by accessing/utilizing the facilities of Investor Service Centers (ISCs) operated by any of the Mils.
27. The venue and seat of the online proceedings shall be deemed to be the place where the relevant MII has its registered office.

### **Fees & Charges**

28. The costs of the dispute resolution mechanism on the ODR Portal will be borne in the following manner:
- a. There shall be no fees for registration of a complaint/dispute on the ODR Portal.
  - b. Fees for conciliation process (*irrespective of claim or counter-claim value*) will be as under:

	<b>Amount in Rupees</b>
Conciliator's fee ( <i>to be collected by ODR Institution and paid to Conciliator</i> )	
- for successful conciliation	Rs 4800
- for unsuccessful conciliation	Rs 3240

ODR Institution's fees, in addition to the conciliator's fees <i>(to be collected by ODR Institution)</i>	Rs 600
Applicable GST, Stamp Duty, etc. on actual outgoings shall be borne by the concerned Market Participant	

Such fees may be borne by the Mills and will be recoverable by them from the concerned Market Participant against whom the complaint/dispute is raised. Such fees shall be borne directly by the concerned Market Participant if it is initiating the dispute process. The Market Participant shall not shift the incidence of such fees to the investor/client at any time.

*Unsuccessful Conciliation:* In the event the disputing parties are not able to arrive at a settlement within the stipulated time (or such extended period as agreed to by them) it shall be said to be unsuccessful conciliation.

*Late Fees:* Initiation of conciliation process after six months from the date of transaction/dispute arising will require payment of Rs 1000/- by the initiator of the complaint/dispute (whether such initiator be the investor/client or the Market Participant) and shall be collected by the Mills and applied as specified by the Board from time to time.

c. The fees for the arbitration process will be as under:

	Rs 0 — 1 lakh *	above Rs 1 lakh - 10 lakh	above Rs 10 lakh - 20 lakh	above Rs 20 lakh - 30 lakh	above Rs 30 lakh - 50 lakh	Above Rs 50 lakh
Arbitrator's fee <i>(to be collected by ODR Institution and paid to Arbitrator)</i>	4800	8000	12000	16000	60000**	120000**
ODR Institution's fees, in addition to the arbitrator's fees <i>(to be collected by ODR Institution)</i>	600	1000	1500	2000	7500	15000

Applicable GST, Stamp Duty, etc. on actual outgoings						
--	--	--	--	--	--	--

\* This slab will be applicable for service request related disputes also

\*\* Fee for panel of arbitrators shall be split into a ratio of 40:30:30 with the higher proportion being payable to the arbitrator writing the arbitral award

Such fees will be payable at the time of initiation of the arbitration by the initiator (whether the investor/client or the concerned Market Participant), and by the person against whom the arbitration has been initiated. When the person initiating the arbitration has not specified a claim amount or has specified a lower claim amount, the admissible claim value as determined by the conciliator shall be reckoned for arriving at the claim value in such arbitration being initiated.

Such fees have to be deposited at the time of choosing to initiate arbitration through the ODR Portal within 7 days or such period as specified from time to time. In case the person against whom the arbitration has been initiated fails to deposit the fee payable within such period as specified then the person choosing to initiate the arbitration can deposit the fees payable on such person's behalf and shall be recoverable from such person through the arbitration process.

Subject to the terms of the arbitral award, the person who is successful in the arbitration proceedings shall receive a refund of amounts deposited by such person.

*Late Fees:* Arbitration initiated after one month of failure of conciliation and upto six months, the fees payable would be double of the non-refundable fees specified in the table above. Arbitration initiated after six months by a Market Participant will require payment of, additional fee of 50% of the fees, specified in the table above applicable per additional month of delay and which shall be on non-refundable basis. Such late fees shall be collected by the Mils and applied in relation to operationalization and effective functioning of the ODR Platform and for the purposes as specified by the Board from time to time.

The fees shall be uniform across Mils, ODR Institutions, conciliators and arbitrators.

29. All other usage or administrative fees as well as out-of-pocket expenses borne by the Mils or the ODR Institutions in the management or operation or use of the ODR Portal would be subsumed in these fees and would not be separately chargeable.



### **Empanelment and Training of the Panel of Conciliator and Arbitrators**

30. All Mils and the ODR Institutions empaneled by the Mils shall ensure that:
- a. The number of conciliators and arbitrators on the panel of the ODR Institutions is commensurate to the number of references of complaints/disputes received so that a conciliator / arbitrator / panel of arbitrators handle a reasonable number of references simultaneously and that all references are disposed of within the prescribed time.
  - b. The conciliators and arbitrators on the panel of the ODR Institutions should have undergone training and certification program/s or possess sufficient experience for such individual being regarded qualified or expert in online dispute resolution (conciliation or arbitration) and technology, finance, securities law, securities product or services, etc. to cater to the specific nature of a given complaint/dispute arising in the Indian securities market or such programs as specified by the Board from time to time (including courses provided by National Institute for Securities Market — NISM). Such training shall be taken on a periodic basis and at least annually. Initially, all the members of IGRCs or arbitrators who have been at present approved by the Board shall be eligible to be empaneled by the ODR Institutions.
  - c. The conciliators and arbitrators on the panel of the ODR Institutions shall be evaluated annually. Mils will require the empaneled ODR Institution to submit an evaluation report to the MII.
  - d. Information on conciliators and arbitrators on the panel of the ODR Institutions will be disseminated on the website of each ODR Institution, including brief profile, qualifications, training and certifications, areas of experience, number of conciliation/arbitration matters handled, etc.
  - e. The mode and manner for an individual to be added to the panel of the ODR Institutions shall be specified by it, including the required experience and/or training and certifications.
  - f. The conciliator or arbitrators should be neutral and independent in respect of each and every matter or reference received by them, and not connected with or linked to any disputing party in any manner whatsoever.

### **Roles and Responsibilities of Mils**

31. Mils shall enter into appropriate agreements with ODR Institutions outlining the role and



responsibilities of each party in adherence to this circular, and also specify mechanism for handling and resolution of their inter-se disputes. The Mils and the ODR Institutions empaneled by Mils may also enter into necessary and appropriate contractual frameworks with the Market Participants, for them and their investors/clients in the Indian Securities Market, participating on the ODR Portal and in the ODR mechanism as specified.

32. All Mils (and the ODR Institutions empaneled by Mils as applicable) shall enter into agreements with financial institutions/Banks for opening accounts and effective receipt, payment and disbursement of any amount including the fees, payments as required to be made vide the settlement agreement / arbitral awards or at the time of initiating an arbitration or challenge to an arbitral award, etc.
33. Mils shall ensure that resolution of complaints/disputes referred on the ODR Portal are undertaken by the ODR Institutions empaneled by the Mils within the stipulated timelines.
34. Mils and the ODR Institutions empaneled by the Mils, shall maintain Management Information Systems (MIS) reports, which shall be shared with the concerned Market Participant so the latter can adequately track timelines of any dispute. The Board may also require Mils to furnish MIS reports in such form and on such periodicity as it may specify.
35. Mils and the ODR Institutions empaneled by the Mils, shall maintain relevant records, including directions/recommendations/orders passed at pre-conciliation, conciliation and arbitration stage for the period as specified in the extant law, and produced to relevant authorities as and when required. Mils shall also ensure, in terms of their internal processes and contractual arrangements with ODR Institutions, that documents are adequately preserved, including in cases of change in the ODR Institution.
36. The ODR Portal and the facilities provided by the ODR Institutions will be user-friendly and accessible online/through audio-video to all the concerned parties and stakeholders, at all times.
37. The ODR Institutions to whom the dispute is referred and the Market Participant which is party to the dispute shall provide complete cooperation to the conciliator and/or arbitrator and/or panel of arbitrators including providing any information required to resolve the complaint in effective matter and within stipulated timelines.
38. Mils, ODR Institutions and the Market Participants shall make reasonable efforts to undertake promotion of investor education and investor awareness programmes through seminars, workshops, publications, training programmes etc. aimed at creating awareness about the ODR Portal for the Indian Securities Market.

39. The Mills shall lay down or modify their Code of Conduct, outlining the ethical standards that every party viz. the ODR Institution empaneled by the Mills, Market Participants, the conciliators, the arbitrators must follow, and espouse the interests of investors in the Indian Securities Market, and resolve their complaints/disputes efficiently and in a time-bound manner.
40. The Mills and the ODR Institution empaneled by the Mills shall publish at such frequency as specified, statistics on the ODR Portal which provide information as to:
  - a. Aggregate references of complaints/disputes received
  - b. Aggregate number of complaints/disputes resolved by means of conciliation
  - c. Aggregate number of complaints/disputes resolved by means of arbitration
  - d. Aggregate value of claims decided in favour of investors/clients
  - e. Summary of complaints/disputes on the ODR Portal against each category of specified intermediary or regulated entity and against listed companies

#### **Responsibilities of the Market Participants**

41. All agreements, contractual frameworks or relationships entered into by Market Participants with investors/clients in the Indian Securities market presently existing or entered into hereafter shall stand amended or be deemed to incorporate provision to the effect that the parties agree to undertake online conciliation and/or online arbitration by participating in the ODR Portal and/or undertaking dispute resolution in the manner specified in this Circular.
42. The Market Participants shall promptly attend to all complaints or disputes raised by its investors or clients in accordance with applicable SEBI rules, regulations and circulars. The communications shall clearly specify, the availability of the SCOREs portal and the ODR Portal to the investor/client and that the same could be accessed by such investor/client if unsatisfied with the response (or the lack thereof) of the Market Participant.
43. The Market Participants shall duly train their staff in attending to complaints/disputes and in handling the references arising from the SCOREs portal or the ODR Portal, and in participating in online conciliation and arbitration. Due cooperation and coordination with the Mills and with the ODR Institutions shall be ensured by the Market Participants.
44. The Board may require the Market Participants to maintain such level of interest-free deposit with the Mills or with the concerned designated body identified vide the revised the SCOREs guidelines and shall be such sums that it considers necessary and appropriate for honouring of any arbitral awards or amounts payable pending initiation of arbitration or challenge to an arbitral award. The amount of such deposit may vary depending on the category of Market Participant and may factor in the extent and nature of complaints or disputes against any specified Market Participant that are observable.

### **Timelines for Implementation**

45. The provisions of this Circular will be implemented in phases:
46. The first phase shall include:
- development of the ODR Portal, empanelment of ODR Institutions by the Mills, empanelment of conciliators and arbitrators by such ODR Institutions on or before August 1, 2023
  - registration of Trading Members and Depository Participants on the ODR Portal by August 15, 2023, and
  - commencement of registering of complaints/disputes against brokers and depository participants and their resolution on and from August 16, 2023.
47. The second phase shall include:
- registration of all other Market Participants on the ODR Portal by September 15, 2023
  - commencement of registering of complaints/disputes against all other Market Participants and their resolution on and from September 16, 2023, and
  - implementation of related processes and requirements envisaged in this Circular shall be in effect by September 16, 2023.
48. The Market Participants are directed to bring the provisions of this circular to the notice of the investors/clients and also to disseminate the same on their website.
49. This Circular supersedes the circulars/directions (and /or sections of the same dealing with mediation, conciliation and arbitration) issued by the Board till date on the subject matter and such supersession shall be the date of implementation of the first phase or second phase, as applicable, specified above. For ease of reference, such circulars are listed below:
- Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2022/94 dated July 4, 2022
  - Circular No. SEBI/HO/MRSD/DOS3/P/CIR/2022/78 dated June 3, 2022
  - Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022
  - Circular No.: SEBI/HO/CFD/SSEP/CIR/P/2022/48 dated April 8, 2022
  - Circular No SEBI/HO/CDMRD/DoC/P/CIR/2021/649 dated October 22, 2021
  - Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2021/625 dated September 2, 2021
  - 9 Circular No. SEBI/HO/MIRSD/DOC/CIR/P/2020/226 dated November 6, 2020
  - Circular No. SEBI/HO/MRD/DDAP/CIR/P/2020/16 dated January 28, 2020
  - Circular No. CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018
  - Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017
  - Circular No: CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017
  - Circular No: SEBI/HO/MRD/DRMNP/CIR/P/2017/24 dated March 16, 2017
  - Circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017
  - Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015

- o. Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013
  - p. Circular No. CIR/MRD/ICC/20/2013 dated July 05, 2013
  - q. Circular No. CIR/MRD/ICC/8/2013 dated March 18, 2013
  - r. Circular No. CIR/MRD/ICC/ 29 /2012 dated November 7, 2012
  - s. Circular No. CIR/MIRSD/2/2012 dated February 15, 2012
  - t. Circular No. CIR/MRD/DSA/03/2012 dated January 20, 2012
  - u. Circular No. CIR/MRD/DP/4/2011 dated April 7, 2011
  - v. Circular No. CIR/MRD/DSA/2/2011 dated February 09, 2011
  - w. Circular No. Cir. /IMD/DF/13/2010 dated Oct 05, 2010
  - x. Circular No. CIR/MRD/DSA/29/2010 dated August 31, 2010
  - y. Circular No. CIR/MRD/DSA/24/2010 dated August 11, 2010
  - z. Circular No. CIR/MRD/DP/19/2010 dated June 10, 2010
  - aa. Circular No. SEBI/MRD/ OIAE/ Dep/ Cir- 4/2010 dated January 29, 2010
50. Notwithstanding such supersession,
- a. anything done or any action taken or purported to have been done or taken under the superseded circulars, prior to such supersession shall be deemed to have been done or taken under the corresponding provisions of this Circular;
  - b. the previous operation of the superseded circulars or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the superseded circulars, any penalty, incurred in respect of any violation committed against the superseded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the superseded circulars have never been superseded;
  - c. Matters or references currently under consideration of the IGRC or in arbitration (sole, panel or appellate arbitration) shall be disposed of as per the superseded circulars and within the timelines specified in such circulars;
  - d. For disputes pertaining to claims against defaulting trading members the same shall be addressed through the existing mechanism via the Core Settlement Guarantee Fund (Core SGF); and
  - e. All matters that are appealable before the Securities Appellate Tribunal in terms of Section 15T of SEBI Act, 1992 Sections 22A and 23L of Securities Contracts (Regulation) Act, 1956 and 23A of Depositories Act, 1996 shall be outside the purview of the ODR Portal.

**Schedule B**

**(See *Paragraph 52 of the Circular*)**

**Specified Intermediaries and Regulated Entities**

*List of securities market intermediaries / regulated entities against whom investors may invoke the ODR process:*

1. *AIFs — Fund managers*
2. *CIS — Collective Investment management company*
3. *Depository Participants*
4. *Investment Advisors*
5. *InvITs - Investment Manager*
6. *Mutual Funds - AMCs<sup>6</sup>*
7. *Portfolio Managers*
8. *Registrars and Share Transfer Agents*
9. *REITs — Managers*
10. *Stock broker's*

**Schedule B**

**(See *Paragraph 52 of the Circular*)**

**Specified Intermediaries and Regulated Entities**

1. *Clearing Corporations and their constituents*
2. *Credit Rating Agency and rating clients*
3. *Custodians and their clients/FPIs*
4. *Debenture Trustees and issuers*
5. *Designated Depository Participant and their clients/FPIs*
6. *KYC Registration Agency and their clients/intermediaries*
7. *Merchant Banker and issuers*
8. *Mutual Funds and Mutual Fund Distributors*
9. *Proxy Advisory and their clients*
10. *Proxy advisors and listed entities*
11. *Registrars and Share Transfer Agents and their clients*
12. *Research Analyst and their clients*
13. *Stock brokers and their Authorised Persons*
14. *Trading Members and Clearing Members*
15. *Vault Managers and beneficial owners*

## **Schedule C**

### **Norms for empanelment of ODR Institutions by Mils and continuing obligations of ODR Institutions**

#### ***Mils role and responsibility:***

1. An MII shall empanel one or more ODR Institutions as a service provider and enter into relevant agreements with such ODR Institution(s) in accordance with guidelines issued by the Board on outsourcing of activities by stock exchanges, depositories and clearing corporations (as amended from time to time) and this circular. An MII should ensure that the primary/first ODR Institution to be empaneled with it, is not empaneled as the primary/first ODR Institution with any other MII .
2. An MII shall collect requisite information of a ODR Institution desirous of being empaneled for providing ODR services for the Indian Securities Market. Such information shall include: copies of registration certificate, memorandum of association and articles of association/ constitutional documents, rules governing conciliation and arbitration, PAN, Legal Entity Identifier number, composition of its board of directors, governing bodies and advisory councils, if any, and details of its shareholders and investors, and list of its authorised officials / signatories. Changes if any to any of these may be notified to the concerned MII promptly. An MII may drop an ODR Institution from its panel, if there is a delay in notifying or if the changes are viewed by the concerned MII as not conducive to continuance of the ODR institution on the panel.
3. An ODR Institution shall also furnish other credentials that are deemed relevant to the empanelment process including: details of conciliators and arbitrators empaneled by the ODR Institution, norms for such empanelment, fees, costs and charges levied for conduct of online conciliation and arbitration, institutional/corporate clients or other ecosystems where rendering online conciliation and arbitration, aggregate number of disputes received for resolution whether for online conciliation or arbitration, aggregate number of disputes resolved by means of online conciliation and arbitration, aggregate value of disputes resolved by means of online conciliation and arbitration, types and nature of disputes resolved by mean of online conciliation and arbitration, technologies, platform, platform features and facilities in conducting online conciliation and arbitration. Such credentials shall be furnished at the time of empanelment and thereafter on a quarterly basis (April/July/October/January).
4. The details of conciliators and arbitrators required to be furnished shall include: unique count of conciliators and arbitrators trained in the securities market, along with the

education, training and professional qualification, number of years of experience, previous experience in conciliation / arbitration including experience in specific types, natures or sectors, languages conversant with (spoken/written) and other demographic details such as age, sex, location.

5. Mills shall ensure that the ODR Institutions eligible for empanelment have the ability to integrate their own platform/systems with the ODR Portal for requirements and purposes as specified from time to time, and on or prior to empanelment undertake necessary integration. Mills shall also ensure that the ODR Institutions also have sufficient technologies to ensure due secrecy, confidentiality and cyber-security for the dataflow between the ODR Portal and its platform/systems, collection of fees and charges (or its refund) and for the conduct of online conciliation and arbitration. Mills shall also ensure the ODR Institution deploys and makes available such features or facilities on its platform/systems as required by the Board from time to time.
6. Mills shall ensure that the ODR Institution and its conciliators and arbitrators abide by the Code of Conduct (Schedule E) and highest standards of independence, impartiality, ethics and confidentiality as befits conciliation and arbitration, and interests of Indian Securities Market and with the applicable laws including the Arbitration and Conciliation Act, 1996.

***ODR Institutions' role and responsibility:***

7. An ODR Institution empaneled by an MII should be/become a member of association/trade body having as its members MII empaneled ODR Institutions for the Indian Securities Market. Details of such association / trade body shall be furnished to the Mills and the Board, and shall include: copies of registration certificate, memorandum of association and articles of association/ constitutional documents, PAN, Legal Entity Identifier number, composition of its board of directors, governing bodies and advisory councils, if any, and details of its members, and list of its authorised officials / signatories. Such association / trade body shall undertake such activities and perform such roles and responsibilities as may be specified from time to time.
8. Any complaint received against a conciliator or arbitrator shall be promptly examined by the ODR Institution and the findings/conclusions/actions taken will be reported to the MII. MII may conduct its own review into such a process and/or specific matter. Any complaint against an ODR Institution shall be promptly examined by the MII and post the findings/conclusions, MII shall take appropriate actions.
9. An ODR institution may seek to be removed as an empaneled ODR Institution after disposal of all pending references. Further, in the event of a breach by the ODR Institution of the norms of empanelment specified, and/or SEBI regulations, circulars and advisories or norms of the MII, the MII may suspend/terminate the empanelment of the ODR Institution, without prejudice to its

rights to take any further action against the ODR Institution. No new complaints/disputes will be assigned after the receipt of its notice to such effect.

10. MII shall ensure that each ODR institution shall abide by the following norms for furthering transparency and evolving precedents:
  - a) Publish at pre decided regularity, data regarding disputes assigned, count of disposal of such references through conciliation, and count of disposal of references through arbitration (indicating to the extent feasible, decisions in favour of investors and in favour of intermediaries), which will be available freely to the public in such form, manner and mode as the Board may specify, and
  - b) Publish decisions of the arbitrators, redacted or masked to ensure identity of the parties is not ascertainable, to help develop a database of matters and decisions, which will be available freely to the public in such form, manner and mode as the Board may specify.
11. Mils shall inspect and/or audit the ODR Institution directly or through such person or firm that it may appoint, for, inter alia, verifying the adherence to these norms and applicable SEBI regulations, circulars and advisories.
12. Mils shall ensure that the ODR Institutions abide by the SEBI regulations, circulars and advisories on online conciliation and online arbitration as applicable. Mils shall ensure empaneled ODR institutions shall furnish an irrevocable, unconditional undertaking that it shall abide by the norms of empanelment specified, and SEBI regulations, circulars and advisories or norms as may be notified by SEBI and the respective MII from time to time. The ODR institutions shall also acknowledge through such undertaking that the grievance redressal and dispute resolution mechanisms have been set up by the Board as a part of its institutional framework to provide robust dispute resolution processes for the investors and Market Participants.
13. Any complaints/grievances against the ODR Institutions with respect to their services pursuant to this circular shall be resolved in accordance with agreements entered into the Mils with their ODR Institutions.
14. Mils shall ensure that the empaneled ODR Institutions have adequate infrastructure, manpower and resources to assist the former in maintaining compliance with their responsibilities under paragraphs 31 — 40 of this circular.



## **Schedule E**

### **Suggested norms for empanelment of Conciliators and Arbitrators**

The following factors are suggested for empaneling a person as a conciliator or arbitrator by the ODR Institutions:

1. Age: between 35 years to 75 years.
2. Qualification in the area of law, finance including securities market, accounts, economics, technology, management, or administration.
3. Experience: Minimum 7 years of experience as provided below.
4. Professional experience as outlined below could be considered:
  - a. Financial services including securities market i.e. Banks, NBFCs, Mils, other intermediaries of securities market;
  - b. Legal services — Certified professionals handling conciliation, and /or arbitration independently; and/or
  - c. Ex-officials from the Indian financial sector regulators viz., the Insurance Regulatory and Development Authority, the Pension Funds Regulatory and Development Authority, the Reserve Bank of India and the Securities and Exchange Board of India.
5. Knowledge and Skills such as:
  - a. Knowledge on the functioning of the securities market;
  - b. Securities Laws and Arbitration & Conciliation laws in India;
  - c. Proficiency in English language (reading, writing and speaking);
  - d. Proficiency in one or two regional languages and ability to read/write/speak/all required for communication and for effective dispute resolution;
  - e. Legal drafting and communications skills;
  - f. Decision making skills required for imparting fair judgement;
  - g. Understand party psychology and common online behaviours: Diversity and cross-cultural communication and possessing professional behaviour
7. The Conciliators and Arbitrators should satisfy the following criteria for empanelment:
  - a. The person has a general reputation and record of fairness and integrity, including but not limited to (i) financial integrity; (ii) good reputation and character; and (iii) honesty;
  - b. The person has not been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
  - c. The person has not been declared insolvent and if yes, has not been discharged;
  - d. No order, restraining, prohibiting or debaring the person, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority;
  - e. No other order is passed against the person, which has a bearing on the securities market;

- f. The person has not been found to be of unsound mind by a court of competent jurisdiction; and
- g. The person is financially sound and has not been categorised as a willful defaulter.

## **Schedule E**

### **Code of Conduct for Conciliators and Arbitrators**

The Conciliators and Arbitrators shall:

- i. Act in a fair, unbiased, independent and objective manner;
  - ii. Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;
  - iii. Disclose his/her/their interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the Conciliator and Arbitrator;
  - iv. Not engage in acts discreditable to his/her/their responsibilities;
  - v. Avoid any interest or activity which is in conflict with the conduct of his/her/their duties as a conciliatory or arbitrator;
  - vi. Avoid any activity that may impair, or may appear to impair, his/her/their independence or objectivity;
  - vii. Conduct proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued thereunder, and the contractual arrangements;
  - viii. Undertake training courses as may be specified time to time by the Board, including from NISM;
  - ix. Endeavour to pass arbitral award expeditiously and within prescribed time;
  - x. Pass reasoned and detailed arbitral awards; and
- Maintain confidentiality with respect to the proceeding and its associated recordings and only disclose confidential information as required by law or Courts of competent jurisdiction or legal authority.

**2) Corrigendum cum Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market**

1. SEBI issued circular no. SEBI/HO/01AE/01AE IAD-1/P/CIR/2023/131 dated July 31, 2023 providing the guidelines for online resolution of disputes in the Indian securities market.
2. Pursuant to feedback received, need for additional clarity or correction of language used, the circular stands modified as under:

**I. Clause 8 of the circular stands substituted as under:**

*All listed companies / specified intermediaries / regulated entities in the securities market (collectively referred to as "Market Participant/s") shall enrol on the ODR Portal within the timelines as specified at paragraphs 46 and 47 of this circular and shall be deemed to have been enrolled on the ODR Portal at the end such specified timeline. The enrolment process shall also include executing electronic terms/agreements with Mils and the ODR Institutions, which shall be deemed to be executed at the end such specified timeline. Facility to enrol Market Participants into the ODR Portal by utilising the credentials used for SEBI SCORES portal / SEBI Intermediary portal may be also provided in the ODR Portal.*

**II. Clause 11 of the circular stands substituted as under:**

*An investor/client shall first take up his/her/their grievance with the Market Participant by lodging a complaint directly with the concerned Market Participant. If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.*

**III. Clause 13 of the circular stands substituted as under:**

*The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the paragraph 11 above or SCORES guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the*

*insolvency process or if liquidation or winding up process has been commenced against the Market Participant).*

**IV. Clause 17 of the circular stands substituted as under:**

*The ODR Institution that receives the reference of the complaint/dispute shall appoint a sole independent and neutral conciliator from its panel of conciliators. Such conciliator shall have relevant qualifications or expertise (please refer to Schedule D) and should not be connected with or linked to any disputing party. Mills shall ensure that appropriate measures are put in place regarding appointment of conciliators by the ODR Institutions.*

- V.** In the first sentence of Clause 20.c. of the circular, "75%" shall stand substituted with "100%".
- VI.** In Clause 21 of the circular, at the end of the first and the third sentences, the following is added: "...and receipt of fees, costs and charges as applicable."
- VII.** In Clause 24 of the circular, at the end of the first sentence, the following is added: "...in the ODR Portal for onward notification to the party/ies in whose favour the arbitral award has been passed and the relevant MII."

In the first sentence of Clause 25 of the circular, "75%" shall stand substituted with "100%".

**IX. Clause 27 of the circular stands substituted as under:**

*The venue and seat of the online proceedings shall be deemed to be the place:*

- a) *In case of disputes between investor/client and listed companies (including their registrar and share transfer agents) or any of the specified intermediaries / regulated entities in securities market (as specified in Schedule A): where the investor resides permanently or, where the investor is not an individual, the place where it is registered in India or has its principal place of business in India, as provided in the relevant KYC documents*
- b) *In case of disputes between institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in Schedule B:*
- (i) *where the institutional or corporate clients has its registered in India or has its principal place of business in India, as provided in the relevant KYC documents, and*

- (ii) if in case the the institutional or corporate client is not registered in India or does not have its principal place of business in India, then the place where the specified intermediaries / regulated entities in securities market as specified in Schedule B has its registered in India or has its principal place of business in India or*
- (iii) such court of competent jurisdiction in India as the institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in Schedule B may agree upon.*

**X. Clause 49 shall also include the following circulars:**

*n-i. Circular No.: CIR/MIRSD/11/2013 dated October 28, 2013*

**XI. Clause 50. e. of the circular is modified as under:**

*All matters that are appealable before the Securities Appellate Tribunal in terms of Section 15T of SEBI Act, 1992 (other than matters escalated through SCOREs portal in accordance with SEBI SCOREs Circular), Sections 22A and 23L of Securities Contracts (Regulation) Act, 1956 and 23A of Depositories Act, 1996 shall be outside the purview of the ODR Portal.*

**XII. The following intermediaries / regulated entities are added in Schedule A:**

*2A. Commodities Clearing Corporations  
9A. Research Analyst*

**XIII. In para 7 of Schedule C, at the end of the first sentence, the following is added:  
"...on or before October 31, 2023."**

- 3. This circular shall be applicable with immediate effect.
- 4. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is issued with the approval of the competent authority.

### **3) Online Resolution of Disputes in the Indian Securities Market – Registration of Trading Members and Listed companies**

This is in continuation to the SEBI circular No. SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/131 dated July 31, 2023 & circular No. SEBI/HO/OIAE/OIAE\_IAD- 1/P/CIR/2023/135 dated August 4, 2023, and the Exchange Circular No.MSE/ISC/13905/2023 dated August 2, 2023 & Circular No. MSE/ISC/13935/2023, dated August 07, 2023, on the captioned subject.

Further, as specified in Clause 46 (b) and Clause 47 (a) of the SEBI circular dated July 31, 2023, Trading Members and Listed Companies are required to register on the ODR Portal.

In this regard, we are pleased to inform you that the ODR Common Portal named “SMART ODR” is now live and can be accessed through the URL: <https://smartodr.in/>

In order to simplify the registration process, the following procedure is being adopted. All Trading Members and Listed Companies are advised to follow the steps mentioned below for registration and account verification:

1. All Trading Members and Listed Companies shall receive an email from the SMART ODR Portal ([no-reply@mailers.smartodr.in](mailto:no-reply@mailers.smartodr.in)) for Account creation on SMART ODR Portal. The email shall contain the necessary procedure for account creation. This email shall be sent to the registered email ID of the Compliance Officer as available in the Exchange records. The Compliance Officer will be considered as the Primary Contact and his/her email ID will be considered the primary Email ID.
2. The email shall also have a button which reads "Verify Email" which needs to be clicked on. After clicking on the link, you will be redirected to the SMART ODR Portal where you will have to set a Password after accepting the terms and conditions of the portal.
3. Upon accepting Terms and conditions and confirming the password, the account will be verified. An email with a link to the Terms and Conditions will be sent to the respective email ID's for this purpose.
4. Post verification, the Primary Contact can then complete the login procedure on the SMART ODR Portal. Upon successful login after the 2 Factor Authentication [Password and OTP generated to email], the taskbar on the left-hand side of the portal will contain a profile icon alongside the name of the stakeholder and their respective organization.
5. Trading Members and Listed Companies are hereby advised to complete the entire registration procedures within the timelines as prescribed in SEBI circular dated July 31, 2023, as per Clause 46 (b) and Clause 47 (a).
6. In case of any issues during account creation, please email at [help@smartodr.in](mailto:help@smartodr.in) or contact on the helpline number +91- 8105148710.

#### **4) SEBI Master Circular for Online Resolution of Disputes in the Indian Securities Market**

1. After extensive public consultations and in furtherance of the interests of investors and consequent to the gazette notification (dated July 3, 2023) of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 the existing dispute resolution mechanism in the Indian securities market is being streamlined under the aegis of Stock Exchanges and Depositories (collectively referred to as Market Infrastructure Institutions (**MIIs**)),<sup>1</sup> by expanding their scope and by establishing a common Online Dispute Resolution Portal ("**ODR Portal**") which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.

#### **Investors and Listed Companies/Specified Intermediaries/Regulated entities under the ambit of ODR**

2. Disputes between Investors/Clients (including institutional/corporate clients) and listed companies (including their registrar and share transfer agents) or any of the specified intermediaries / regulated entities in securities market (as specified in **Schedule A**) arising out of latter's activities in the securities market, will be resolved in accordance with this circular and by harnessing online conciliation and/or online arbitration as specified in this circular. Listed companies / specified intermediaries / regulated entities OR their clients/investors (or holders on account of nominations or transmission being given effect to) may also refer any unresolved issue of any service requests / service related complaints<sup>2</sup> for due resolution by harnessing online conciliation and/or online arbitration as specified in this circular.
3. Disputes between institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in **Schedule B** can be resolved, at the option of the institutional or corporate clients:
  - a. in accordance with this circular and by harnessing online conciliation and/or online arbitration as specified in this circular; OR
  - b. by harnessing any independent institutional mediation, independent institutional conciliation and / or independent arbitration institution in India.

The seat and venue of mediation, conciliation and/or arbitration shall be in India and can be conducted online.

The fees, charges and costs for the independent mediation institution or independent conciliation institution and/or independent arbitration institution (and of the mediators/conciliators/arbitrators), and other applicable costs, charges and expenses

may be as prescribed by such institution/s or as agreed upon by the parties with such institution/s.

The claims / complaints / disputes that arise from the activities or roles performed or to be performed by the specified intermediaries or regulated entities pertaining to the Indian securities market are in scope of this clause<sup>3</sup>.

For existing and continuing contractual arrangements between institutional or corporate clients and specified intermediaries / regulated entities in the securities market as specified in **Schedule B**, such option should be exercised within a period of six months, failing which option as specified in (a) above will be deemed to have been exercised. For all new contractual arrangements, such choice should be exercised at the time of entering into such arrangements.

4. Disputes between MII and its constituents which are contractual in nature shall be included in the framework at a future date as may be specified<sup>4</sup> while expressly excluding disputes/appeals/reviews/challenges pertaining to the regulatory, enforcement role and roles of similar nature played by MIIs.

#### **Introduction of the common Online Dispute Resolution Portal**

5. The MIIs shall, in consultation with their empaneled ODR Institutions, establish and operate a common Online Dispute Resolution Portal (“**ODR Portal**”)<sup>5</sup>. The MIIs will make joint efforts to develop and operationalize the ODR Platform. For the purposes of implementation of this circular, the MIIs shall enter into an agreement amongst themselves, which will, *inter alia*, outline the nature of their responsibilities, the cost of development, operating, upgradation, maintenance (including security of data of investors and intermediaries as specified by the Board from time to time) and for inspection and/or audit of the ODR Platform. The Board may, from time to time, undertake inspection in order to ensure proper functioning of ODR Portal and MIIs shall provide complete cooperation to the Board in this regard.

It is clarified that MIIs which are initially excluded from the round robin system (as described below) are not required to incur any costs for development and maintenance of the ODR Portal during the period of such exclusion.

6. Each MIIs will identify and empanel one or more independent ODR Institutions which are capable of undertaking time-bound online conciliation and/or online arbitration (in accordance with the Arbitration and Conciliation Act, 1996 and any other applicable laws) that harness online/audio-video technologies and have duly qualified conciliators and arbitrators. The norms for empanelment of ODR Institutions are specified in **Schedule C** of



this circular as also the continuing obligations of the ODR Institutions. The ODR Portal shall have due connectivity with each such ODR Institution as is required for undertaking the role and activities envisaged in this circular. Such ODR Portal shall establish due connectivity with the SEBI SCORES portal / SEBI Intermediary portal.

7. All the MIIs shall participate on the ODR Portal and provide investors/clients and listed companies (including their registrar and share transfer agents) and the specified intermediaries / regulated entities in the securities market access to the ODR Portal for resolution of disputes between an investor/client and listed companies (including their registrar and share transfer agents) and the specified intermediaries / regulated entities in the securities market, through time bound online conciliation and/or online arbitration.
8. All listed companies / specified intermediaries / regulated entities in the securities market (collectively referred to as “**Market Participant/s**”) shall enroll on the ODR Portal within the timelines as specified at paragraphs 46 and 47 of this circular and shall be deemed to have been enrolled on the ODR Portal at the end such specified timeline. The enrolment process shall also include executing electronic terms/agreements with MIIs and the ODR Institutions, which shall be deemed to be executed at the end such specified timeline. Facility to enroll Market Participants into the ODR Portal by utilising the credentials used for SEBI SCORES portal / SEBI Intermediary portal may be also provided in the ODR Portal. Entities that obtain registration from the Board as an intermediary or issuers that are getting their securities listed on or after the date of implementation of this circular, shall enroll in the ODR Portal immediately upon grant of registration or listing, as the case may be.
9. All market participants and MIIs are advised to display a link to the ODR Portal on the home page of their websites and mobile apps.
10. The modalities of the ODR Portal along with the relevant operational guidelines and instructions may be specified by the Board from time to time.

#### **Initiation of the dispute resolution process**

11. An investor/client shall first take up his/her/their grievance with the Market Participant by lodging a complaint directly with the concerned Market Participant. If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.

12. Alternatively, the investor/client can initiate dispute resolution through the ODR Portal if the grievance lodged with the concerned Market Participant was not satisfactorily resolved or at any stage of the subsequent escalations mentioned in the paragraph 11 above (prior to or at the end of such escalation/s). The concerned Market Participant may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the investor/client for resolution of the dispute which has not been satisfactorily resolved between them.
13. The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the paragraph 11 above or SCOREs guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the insolvency process or if liquidation or winding up process has been commenced against the Market Participant) or is against the Government of India / President of India or a State Government / Governor of a State.

It is clarified that Listed companies (and their registrars and transfer agents), specified intermediaries and regulated entities specified in Schedules A and B as well as institutional or corporate clients shall initiate claims or disputes in accordance with paragraph 3(a) and/or 3(b), as applicable, unless the matter is non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the insolvency process or if liquidation or winding up process has been commenced) or is against the Government of India / President of India or a State Government / Governor of a State.

14. The dispute resolution through the ODR Portal can be initiated when within the applicable law of limitation (reckoned from the date when the issue arose/occurred that has resulted in the complaint/date of the last transaction or the date of disputed transaction, whichever is later).

#### **ODR Portal and allocation system**

15. The ODR Portal shall have the necessary features and facilities to, *inter alia*, enrol the investor/client and the Market Participant, and to file the complaint/dispute and to upload any documents or papers pertaining thereto. It shall also have a facility to provide status updates on the complaint / dispute which would be obtained from the ODR Institutions. The features and facilities shall be periodically reviewed and upgraded by the MIIs as well as new features and facilities added from time to time as required by the Board. The ODR Portal shall be subject to inspection and/or audit for, *inter alia*, verifying the adherence to these norms and applicable SEBI regulations, circulars and advisories.

16. A complaint/dispute initiated through the ODR Portal will be referred to an ODR Institution empaneled by a MII and the allocation system on a market-wide basis will be a round-robin system to govern the allocation of each such dispute among all such empaneled ODR Institution/s *subject that* for an initial period (as specified by the Board):
  - a. complaints/disputes arising with a specific trading member for an exchange transaction or a listed company, shall be referred to the ODR Institution/s empaneled by the relevant Stock Exchange<sup>6</sup>, and disputes arising with a specific depository participant, shall be referred to the ODR institution/s empaneled by the relevant Depository. If the MII has empaneled more than one ODR Institution, then at such level as well, a round robin system will govern allocation of references among them.
  - b. Further, Stock Exchanges operating only commodities segment, the ODR Institution/s empaneled by such Stock Exchange is/are excluded from the market-wide round robin system. Other conditions in (a) above will continue to apply to such Stock Exchanges and ODR Institution/s.
  - c. Further, references to ODR Institutions shall be made after a review of such complaint/dispute by the relevant MII with the aim of amicable resolution and which review shall be concluded within 21 calendar days (or such other period that the Board may specify).

### **Conciliation**

17. The ODR Institution that receives the reference of the complaint/dispute shall appoint a sole independent and neutral conciliator from its panel of conciliators. Such conciliator shall have relevant qualifications or expertise (please refer to [Schedule D](#)), and should not be connected with or linked to any disputing party. MIIs shall ensure that appropriate measures are put in place regarding appointment of conciliators by the ODR Institutions.
18. Such conciliator shall conduct one or more meeting/s for the disputing parties to reach an amicable and consensual resolution within 21 calendar days (unless extended for a maximum period of 10 calendar days by consent of the disputing parties to be recorded in writing/electronically) from the date of appointment of conciliator by the ODR Institution, which shall do so within 5 days of receipt of reference of the complaint/dispute by the ODR Institution. Apart from attempting to actively facilitate consensual resolution of the complaint/dispute, the conciliator may consider advising the Market Participant to render required service in case of service-related complaints/disputes and/or consider issuance of findings on admissibility of the complaint/dispute or otherwise in case of trade related complaints/dispute (as the case may be).

19. If the process of conciliation is successful, the same shall be concluded by a duly executed settlement agreement between the disputing parties. Such an agreement shall be executed and stamped through an online mode, as permissible in law. When such agreement requires the Market Participant to pay the admissible claim value to the investor/client, the MII shall monitor the due payment/adherence to the terms of the settlement agreement until due receipt by the investor/client and/or performance of the required terms of settlement agreement.
  
20. In case the matter is not resolved through the conciliation process within the 21 calendar days (or within the extended period of 10 calendar days, extended by consent of the disputing parties):
  - a. the conciliator should ascertain the admissible claim value of the complaint/dispute that the conciliator determines is payable to the investor/client and notify the disputing parties as well as the ODR Institution and the MII of the same. Such determination should also be made in all claims/complaints/disputes where the monetary value has not been ascribed by the person initiating the dispute. **The nature of determination made by the conciliator is only to provide an admissible claim value of the complaint / dispute for purposes of appropriate slab for computation of fees being applied for online arbitration. Subject to the forgoing, the investor / client, the market participant and the arbitrator/s would not be bound by such determination for the making or defending or deciding the claim / complaint / dispute, as the case may be.**
  
  - b. An investor/client may pursue online arbitration (which will be administered by the ODR Institution, which also facilitated the conduct of conciliation) on or after the conclusion of a conciliation process when the matter has not been resolved through such process, subject to payment of fees as applicable for online arbitration. **The Market Participant against whom the investor/client pursues the online arbitration shall participate in the arbitration process. Accordingly, within 10 days of the initiation of the online arbitration by the investor/client, the Market Participant shall make the deposit of 100% of the admissible claim value with the relevant MII and make the payment of the fees as applicable for online arbitration. Non-adherence of the foregoing by the Market Participant may result in action against the Market Participant by MIIs and/or the Board.**
  
  - c. **In case the Market Participant wishes to pursue online arbitration (which will be administered by the ODR Institution which facilitated the conduct of conciliation), it shall intimate the ODR Institution within 10 days of the conclusion of the conciliation process of its intent to do so and within further 5 days of this intimation, shall deposit 100% of the admissible claim value with the relevant MII and make the payment of fees as applicable for online arbitration for initiating the online arbitration. In case the**

Market Participant fails to deposit the amount then they may not initiate online arbitration and they may also face consequences as determined necessary or appropriate by the Stock Exchange and could also be liable to be declared as not 'Fit and Proper' in terms of the SEBI (Intermediaries) Regulations, 2008 and would be, inter-alia, liable to have their registration cancelled or their business activities suspended. A listed company that fails to deposit the amount may also face consequences as determined necessary or appropriate by the Stock Exchange. On an application made by the investor/client in this behalf to the relevant MII, the MII may, from the deposit received, release such amount to the investor/client not exceeding Rs. 5,00,000/- (Rupees Five lakhs) or such sum as may be specified from time to time. On or before release of the said amount to the investor/client, the MII shall obtain appropriate undertaking/ indemnity / security in such form, manner and substance from the investor/client to ensure return of the amount so released, in case the arbitration proceedings are decided against the investor/client. If the arbitration proceeding is decided against the investor/client, subject to the terms of the arbitral award, such investor/client should return the released amounts. If the investor/client fails to return the amount released, then the investor/client (based on PAN of the investor/client) shall not be allowed to trade on any of the Stock Exchanges or participate in the Indian Securities Market till such time the investor/client returns the amount to the Market Participant. Further, the securities lying in the demat account(s) or the mutual fund holdings of the investor/client shall be frozen till such time as the investor/client returns the amount to the Market Participant. If security had been obtained, the same could be enforced/realised and adjusted towards the amount required to be returned. In the event, the arbitration proceeding is decided in favour of the investor/client, subject to the terms of the arbitral award, the MII shall release the balance deposit held by it (as deposited by the Market Participant) to the investor/client. The MII shall also monitor the due compliance by the Market Participant with the terms of the arbitral award.

### **Arbitration**

21. When the investor/client and/or the Market Participant pursue online arbitration, the ODR Institution shall appoint a sole independent and neutral arbitrator from its panel of arbitrators within 5 calendar days of reference **and receipt of fees, costs and charges as applicable**. Such arbitrator shall have relevant qualifications or expertise (please refer to **Schedule D**), and should not be connected with or linked to any disputing party. In the event that the aggregate of the claim and/or counter-claim amount exceeds Rs 30,00,000/- (Rupees Thirty Lakhs) or such amount as the Board may specify from time to time, the matter shall be referred to an Arbitral Tribunal consisting of three Arbitrators within 5 calendar days of reference **and receipt of fees, costs and charges as applicable**. MIIs shall ensure that measures are put in place regarding appointment of arbitrators by

the ODR Institutions. In the instance where the parties wish to withdraw from arbitration before the arbitrator has been appointed then the fees shall be refunded after deducting the applicable expenses not exceeding Rs 100/- (Rupees One Hundred). However, withdrawal shall not be permitted after appointment of an arbitrator.

22. Subject to value of claim and/or counter-claim being in excess of Rs 1,00,000/- (Rupees One Lakh), the Sole Arbitrator or Arbitral Tribunal shall conduct one or more hearing/s and pass the arbitral award within 30 calendar days (or such other period as the Board may specify) of the appointment in the matter. When the value of claim and/or counter-claim is Rs 1,00,000/- (Rupees One Lakh) or below (or such other sum as the Board may specify from time to time), the Sole Arbitrator shall conduct a document-only arbitration process and pass the arbitral award within 30 calendar days (or such other period as the Board may specify) of the appointment in the matter.<sup>7</sup> However, the arbitrator, for reasons to be recorded in writing/electronically, may grant a hearing to the parties to the dispute. The Sole Arbitrator or Arbitral Tribunal shall be at liberty to extend such time for disputes exceeding claims and/or counterclaims of Rs 1,00,000/- (Rupees One Lakh) (or such other sum as the Board may specify from time to time), upto a further period of 30 calendar days (or such other period as the Board may specify) and for reasons to be recorded in writing/electronically, when the matter requires detailed consideration. The Sole Arbitrator or Arbitral Tribunal may, having regard to the nature of the claim and/or counterclaim, provide interim relief as may be required for reasons to be recorded after affording hearing to the parties to the dispute. The parties may make an application under the relevant section of the Arbitration and Conciliation Act, 1996 for correction/rectification of the award.
23. Upon the conclusion of the arbitration proceedings and issuance of the arbitral award, subject to the terms of the arbitral award, when such arbitral award requires payment of any amount by the Market Participant or performance by it of a certain nature, then such payment shall be made by the Market Participant within a period of 15 calendar days from the date of the arbitral award (unless such award requires payment sooner), and/or performance within such period as specified by the arbitral award. The MII shall monitor the due payment/adherence to the terms of the arbitral award until due receipt by the investor/client and/or performance of the terms of arbitral award. In the event, the parties do not comply with the arbitral award, the relevant MII shall inform the Board regarding such noncompliance on a periodic basis. Furthermore, the relevant MII shall provide necessary assistance to the investor/client for enforcement of the arbitral award.
24. Upon the issuance/pronouncement of the arbitral award, the party against whom order has been passed, will be required to submit its intention to challenge the award under Section 34 of the Arbitration Act within 7 calendar days [in the ODR Portal for onward notification to the party/ies in whose favour the arbitral award has been passed](#)

and the relevant MII. Further, in the course of such a challenge, if a stay is not granted within 3 months from the date of the receipt of award, complete adherence to the terms of the arbitral award must be done.

25. If the Market Participant wishes to challenge such an arbitral award, then the Market Participant must deposit 100% of the amounts payable in terms of the arbitral award with the relevant MII prior to initiation of the challenge. In case the specified intermediary/regulated entity fails to deposit the amount then they may also face consequences as determined necessary or appropriate by the Stock Exchange and could also be liable to be declared as not 'Fit and Proper' in terms of the SEBI (Intermediaries) Regulations, 2008 and would be inter-alia, liable to have their registration cancelled or their business activities suspended. A listed company that fails to deposit the amount may also face consequences as determined necessary or appropriate by the Stock Exchange. On an application made by the investor/client in this behalf to the relevant MII, the MII may, from the deposit received, release such amount to the investor/client not exceeding Rs 5,00,000/- (Rupees five lakhs) or such sum as may be specified from time to time. On or before release of the said amount to the investor/client, the MII shall obtain appropriate undertaking/ indemnity / security from the investor/client to ensure return of the amount so released, in case the challenge is decided against the investor/client. If the challenge is decided against the investor/client, subject to the judgement of the appellate forum, such investor/client should return the released amounts. If the investor/client fails to return the amount released, then the investor/client (based on PAN of the investor/client) shall not be allowed to trade on any of the Stock Exchanges or participate in the Indian Securities Market till such time the investor/client returns the amount to the Market Participant.

Further, the securities lying in the demat account(s) or the mutual fund holdings of the investor/client shall be frozen till such time as the investor/client returns the amount to the Market Participant. If security had been obtained, the same could be enforced/realised and adjusted towards the amount required to be returned. In the event, the challenge is decided in favour of the investor/client, subject to the terms of the judgement of the appellate forum, the MII shall release the balance deposit held by it (as deposited by the Market Participant) to the investor/client. The MII shall also monitor the due compliance by the Market Participant with the terms of the arbitral award/judgement of the appellate forum.

### **Form of Proceedings**

26. The ODR Institutions shall conduct conciliation and arbitration in the online mode, enabling online/audio-video participation by the investor/client, the Market Participant and the conciliator or the arbitrator as the case may be. The investor/client may also participate in



such online conciliation and arbitration by accessing/utilizing the facilities of Investor Service Centers (ISCs) operated by any of the MIIs.

27. The venue and seat of the online proceedings shall be deemed to be the place:
- a) In case of disputes between investor/client and listed companies (including their registrar and share transfer agents) or any of the specified intermediaries / regulated entities in securities market (as specified in Schedule A): where the investor resides permanently or, where the investor is not an individual, the place where it is registered in India or has its principal place of business in India, as provided in the relevant KYC documents
  - b) In case of disputes between institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in Schedule B:
    - (i) where the institutional or corporate clients has its registered in India or has its principal place of business in India, as provided in the relevant KYC documents, and
    - (ii) if in case the the institutional or corporate client is not registered in India or does not have its principal place of business in India, then the place where the specified intermediaries / regulated entities in securities market as specified in Schedule B has its registered in India or has its principal place of business in India or
    - (iii) such court of competent jurisdiction in India as the institutional or corporate clients and specified intermediaries / regulated entities in securities market as specified in Schedule B may agree upon.



## Fees & Charges

28. The costs of the dispute resolution mechanism on the ODR Portal will be borne in the following manner:

- a. There shall be no fees for registration of a complaint/dispute on the ODR Portal.
- b. Fees for conciliation process (*irrespective of claim or counter-claim value*) will be as under:

	<b>Amount in Rupees</b>
Conciliator's fee (to be collected by ODR Institution and paid to Conciliator)	
- for successful conciliation	₹ 4,800/-
- for unsuccessful conciliation	₹ 3,240/-
ODR Institution's fees, in addition to the conciliator's fees (to be collected by ODR Institution)	₹ 600/-
Applicable GST, Stamp Duty, etc. on actual outgoings shall be borne by the concerned Market Participant	

Such fees may be borne by the MIIs and will be recoverable by them from the concerned Market Participant against whom the complaint/dispute is raised. Such fees shall be borne directly by the concerned Market Participant if it is initiating the dispute process. The Market Participant shall not shift the incidence of such fees to the investor/client at any time.

*Unsuccessful Conciliation:* In the event the disputing parties are not able to arrive at a settlement within the stipulated time (or such extended period as agreed to by them) it shall be said to be unsuccessful conciliation.

*Late Fees:* Initiation of conciliation process after six months from the date of transaction/dispute arising will require payment of Rs 1,000/- by the initiator of the complaint/dispute (whether such initiator be the investor/client or the Market Participant) and shall be collected by the MIIs and applied as specified by the Board from time to time.

c. The fees for the arbitration process will be as under:

	lakh *	Rs. 1 lakh - 10 lakh	10 lakh - 20 lakh	20 lakh - 30 lakh	30 lakh - 50 lakh	50 lakh – Rs. 1 crore
Arbitrator’s fee (to be collected by ODR Institution and paid to Arbitrator)	₹4,800/-	₹8,000/-	₹12,000/-	₹16,000/-	₹60,000/-**	₹1,20,000/-**
ODR Institution’s fees, in addition to the arbitrator’s fees (to be collected by ODR Institution)	₹600/-	₹1,000/-	₹1,500/-	₹2,000/-	₹7,500/-	₹15,000/-
Applicable GST, Stamp Duty, etc. on actual outgoings						

\* This slab will be applicable for service request related disputes also \*\* Fee for panel of arbitrators shall be split into a ratio of 40:30:30 with the higher proportion being payable to the arbitrator writing the arbitral award

Further, for claims of Rs. 1 crore and above, an ad valorem fees @ 1% of the claim value or Rs.1,20,000/-, whichever is more, towards Arbitrator’s Fees\*\* (to be collected by the ODR institution and paid to the arbitrator) and fees @ Rs 35,000/- towards ODR Institution’s Fees, in addition to the arbitrator’s fees (to be collected by the ODR institution), together with Applicable GST, Stamp Duty, etc. on actual outgoings, shall be applicable.

Such fees will be payable at the time of initiation of the arbitration by the initiator (whether the investor/client or the concerned Market Participant), and by the person against whom the arbitration has been initiated. When the person initiating the arbitration has not specified a claim amount or has specified a lower claim amount, the admissible claim value as determined by the conciliator shall be reckoned for arriving at the claim value in such arbitration being initiated. The investor may choose to initiate arbitration for a higher claim value subject to payment of applicable fees and charges.

Such fees have to be deposited at the time of choosing to initiate arbitration through the ODR Portal within 7 days or such period as specified from time to time. In case the

person against whom the arbitration has been initiated fails to deposit the fee payable within such period as specified then the person choosing to initiate the arbitration can deposit the fees payable on such person's behalf and shall be recoverable from such person through the arbitration process.

Subject to the terms of the arbitral award, the person who is successful in the arbitration proceedings shall receive a refund of amounts deposited by such person.

*Late Fees:* Arbitration initiated after one month of failure of conciliation and upto six months, the fees payable would be double of the nonrefundable fees specified in the table above. Arbitration initiated after six months by a Market Participant will require payment of, additional fee of 50% of the fees, specified in the table above applicable per additional month of delay and which shall be on non-refundable basis. Such late fees shall be collected by the MIIs and applied in relation to operationalization and effective functioning of the ODR Platform and for the purposes as specified by the Board from time to time. **The concerned ODR Institution may collect this fee on behalf of the MII as per mutually agreed terms between them.**

The fees shall be uniform across MIIs, ODR Institutions, conciliators and arbitrators.

29. All other usage or administrative fees as well as out-of-pocket expenses borne by the MIIs or the ODR Institutions in the management or operation or use of the ODR Portal would be subsumed in these fees and would not be separately chargeable.

#### **Empanelment and Training of the Panel of Conciliator and Arbitrators**

30. All MIIs and the ODR Institutions empaneled by the MIIs shall ensure that:
- a. The number of conciliators and arbitrators on the panel of the ODR Institutions is commensurate to the number of references of complaints/disputes received so that a conciliator / arbitrator / panel of arbitrators handle a reasonable number of references simultaneously and that all references are disposed of within the prescribed time.
  - b. The conciliators and arbitrators on the panel of the ODR Institutions should have undergone training and certification program/s or possess sufficient experience for such individual being regarded qualified or expert in online dispute resolution (conciliation or arbitration) and technology, finance, securities law, securities product or services, etc. to cater to the specific nature of a given complaint/dispute arising in

the Indian securities market or such programs as specified by the Board from time to time (including courses provided by National Institute for Securities Market – NISM). Such training shall be taken on a periodic basis and at least annually.

Initially, all the members of IGRCs or arbitrators who have been at present approved by the Board shall be eligible to be empaneled by the ODR Institutions.

- c. The conciliators and arbitrators on the panel of the ODR Institutions shall be evaluated annually. MIIs will require the empaneled ODR Institution to submit an evaluation report to the MII.
- d. Information on conciliators and arbitrators on the panel of the ODR Institutions will be disseminated on the website of each ODR Institution, including brief profile, qualifications, training and certifications, areas of experience, number of conciliation/arbitration matters handled, etc.
- e. The mode and manner for an individual to be added to the panel of the ODR Institutions shall be specified by it, including the required experience and/or training and certifications.
- f. The conciliator or arbitrators should be neutral and independent in respect of each and every matter or reference received by them, and not connected with or linked to any disputing party in any manner whatsoever.

### **Roles and Responsibilities of MIIs**

- 31. MIIs shall enter into appropriate agreements with ODR Institutions outlining the role and responsibilities of each party in adherence to this circular, and also specify mechanism for handling and resolution of their inter-se disputes. The MIIs and the ODR Institutions empaneled by MIIs may also enter into necessary and appropriate contractual frameworks with the Market Participants, for them and their investors/clients in the Indian Securities Market, participating on the ODR Portal and in the ODR mechanism as specified.
- 32. All MIIs (and the ODR Institutions empaneled by MIIs as applicable) shall enter into agreements with financial institutions/Banks for opening accounts and effective receipt, payment and disbursement of any amount including the fees, payments as required to be made vide the settlement agreement / arbitral awards or at the time of initiating an arbitration or challenge to an arbitral award, etc.

33. MIIs shall ensure that resolution of complaints/disputes referred on the ODR Portal are undertaken by the ODR Institutions empaneled by the MIIs within the stipulated timelines. MIIs and the ODR Institutions empaneled by the MIIs, shall maintain Management Information Systems (**MIS**) reports, which shall be shared with the concerned Market Participant so the latter can adequately track timelines of any dispute. The Board may also require MIIs to furnish MIS reports in such form and on such periodicity as it may specify.
35. MIIs and the ODR Institutions empaneled by the MIIs, shall maintain relevant records, including directions/recommendations/orders passed at pre-conciliation, conciliation and arbitration stage for the period as specified in the extant law, and produced to relevant authorities as and when required. MIIs shall also ensure, in terms of their internal processes and contractual arrangements with ODR Institutions, that documents are adequately preserved, including in cases of change in the ODR Institution.
36. The ODR Portal and the facilities provided by the ODR Institutions will be user-friendly and accessible online/through audio-video to all the concerned parties and stakeholders, at all times.
37. The ODR Institutions to whom the dispute is referred and the Market Participant which is party to the dispute shall provide complete cooperation to the conciliator and/or arbitrator and/or panel of arbitrators including providing any information required to resolve the complaint in effective manner and within stipulated timelines.
38. MIIs, ODR Institutions and the Market Participants shall make reasonable efforts to undertake promotion of investor education and investor awareness programmes through seminars, workshops, publications, training programmes etc. aimed at creating awareness about the ODR Portal for the Indian Securities Market.
39. The MIIs shall lay down or modify their Code of Conduct, outlining the ethical standards that every party viz. the ODR Institution empaneled by the MIIs, Market Participants, the conciliators, the arbitrators must follow, and espouse the interests of investors in the Indian Securities Market, and resolve their complaints/disputes efficiently and in a time-bound manner.
40. The MIIs and the ODR Institution empaneled by the MIIs shall publish at such frequency as specified, statistics on the ODR Portal which provide information as to:
  - a. Aggregate references of complaints/disputes received
  - b. Aggregate number of complaints/disputes resolved by means of conciliation
  - c. Aggregate number of complaints/disputes resolved by means of arbitration

- d. Aggregate value of claims decided in favour of investors/clients
- e. Summary of complaints/disputes on the ODR Portal against each category of specified intermediary or regulated entity and against listed companies

#### **Responsibilities of the Market Participants**

- 41. All agreements, contractual frameworks or relationships entered into by Market Participants with investors/clients in the Indian Securities market presently existing or entered into hereafter shall stand amended or be deemed to incorporate provision to the effect that the parties agree to undertake online conciliation and/or online arbitration by participating in the ODR Portal and/or undertaking dispute resolution in the manner specified in this Circular.
- 42. The Market Participants shall promptly attend to all complaints or disputes raised by its investors or clients in accordance with applicable SEBI rules, regulations and circulars. The communications shall clearly specify, the availability of the SCOREs portal and the ODR Portal to the investor/client and that the same could be accessed by such investor/client if unsatisfied with the response (or the lack thereof) of the Market Participant.
- 43. The Market Participants shall duly train their staff in attending to complaints/disputes and in handling the references arising from the SCOREs portal or the ODR Portal, and in participating in online conciliation and arbitration. Due cooperation and coordination with the MIIs and with the ODR Institutions shall be ensured by the Market Participants.
- 44. The Board may require the Market Participants to maintain such level of interest-free deposit with the MIIs or with the concerned designated body identified vide the revised SCOREs guidelines and shall be such sums that it considers necessary and appropriate for honouring of any arbitral awards or amounts payable pending initiation of arbitration or challenge to an arbitral award. The amount of such deposit may vary depending on the category of Market Participant and may factor in the extent and nature of complaints or disputes against any specified Market Participant that are observable.

#### **Timelines for Implementation**

- 45. The provisions of this Circular will be implemented in phases:
- 46. The first phase shall include:

- a. development of the ODR Portal, empanelment of ODR Institutions by the MIIs, empanelment of conciliators and arbitrators by such ODR Institutions on or before August 1, 2023
  - b. registration of Trading Members and Depository Participants on the ODR Portal by August 15, 2023, and
  - c. commencement of registering of complaints/disputes against brokers and depository participants and their resolution on and from August 16, 2023.
47. The second phase shall include:
- a. registration of all other Market Participants on the ODR Portal by September 15, 2023
  - b. commencement of registering of complaints/disputes against all other Market Participants and their resolution on and from September 16, 2023, and
  - c. implementation of related processes and requirements envisaged in this Circular shall be in effect by September 16, 2023.
48. The Market Participants are directed to bring the provisions of this circular to the notice of the investors/clients and also to disseminate the same on their website.
49. This Circular supersedes the circulars/directions (and /or sections of the same dealing with mediation, conciliation and arbitration) issued by the Board till date on the subject matter and such supersession shall be the date of implementation of the first phase or second phase, as applicable, specified above. For ease of reference, such circulars are listed below:
- a. Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2022/94 dated July 4, 2022
  - b. Circular No. SEBI/HO/MRDSD/DOS3/P/CIR/2022/78 dated June 3, 2022
  - c. Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022
  - d. Circular No.: SEBI/HO/CFD/SSEP/CIR/P/2022/48 dated April 8, 2022
  - e. Circular No SEBI/HO/CDMRD/DoC/P/CIR/2021/649 dated October 22, 2021
  - f. Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2021/625 dated September 2, 2021
  - g. Circular No. SEBI/HO/MIRSD/DOC/CIR/P/2020/226 dated November 6, 2020
  - h. Circular No. SEBI/HO/MRD/DDAP/CIR/P/2020/16 dated January 28, 2020
  - i. Circular No. CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018
  - j. Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017
  - k. Circular No: CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017

- l. Circular No: SEBI/HO/MRD/DRMNP/CIR/P/2017/24 dated March 16, 2017
- m. Circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017
- n. Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015 [n-i. Circular No.: CIR/MIRSD/11/2013 dated October 28, 2013](#)
- o. Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013
- p. Circular No. CIR/MRD/ICC/20/2013 dated July 05, 2013
- q. Circular No. CIR/MRD/ICC/8/2013 dated March 18, 2013
- r. Circular No. CIR/MRD/ICC/ 29 /2012 dated November 7, 2012
- s. Circular No. CIR/MIRSD/2/2012 dated February 15, 2012
- t. Circular No. CIR/MRD/DSA/03/2012 dated January 20, 2012
- u. Circular No. CIR/MRD/DP/4/2011 dated April 7, 2011
- v. Circular No. CIR/MRD/DSA/2/2011 dated February 09, 2011
- w. Circular No. Cir. /IMD/DF/13/2010 dated Oct 05, 2010
- x. Circular No. CIR/MRD/DSA/29/2010 dated August 31, 2010
- y. Circular No. CIR/MRD/DSA/24/2010 dated August 11, 2010
- z. Circular No. CIR/MRD/DP/19/2010 dated June 10, 2010
- aa. Circular No. SEBI/MRD/ OIAE/ Dep/ Cir- 4/2010 dated January 29, 2010

50. Notwithstanding such supersession,

- a. anything done or any action taken or purported to have been done or taken under the superseded circulars, prior to such supersession shall be deemed to have been done or taken under the corresponding provisions of this Circular;
- b. the previous operation of the superseded circulars or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the superseded circulars, any penalty, incurred in respect of any violation committed against the superseded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the superseded circulars have never been superseded;
- c. Matters or references currently under consideration of the IGRC or in arbitration (sole, panel or appellate arbitration) shall be disposed of as per the superseded circulars and within the timelines specified in such circulars;
- d. For disputes pertaining to claims against defaulting trading members the same shall be addressed through the existing mechanism via the Core Settlement Guarantee Fund (Core SGF); and



- e. All matters that are appealable before the Securities Appellate Tribunal in terms of Section 15T of SEBI Act, 1992 (other than matters escalated through SCOREs portal in accordance with SEBI SCOREs Circular), Sections 22A and 23L of Securities Contracts (Regulation) Act, 1956 and 23A of Depositories Act, 1996 shall be outside the purview of the ODR Portal.

**Schedule A**  
***(See Paragraph 2 of the Circular)***

**Specified Intermediaries and Regulated Entities**

*List of securities market intermediaries / regulated entities against whom investors may invoke the ODR process:*

1. AIFs – Fund managers
    - 1A. Banker to an Issue and Self-Certified Syndicate Banks<sup>8</sup>
  2. CIS – Collective Investment management company
    - 2A. Commodities Clearing Corporations<sup>9</sup>
  3. Depository Participants
  4. Investment Advisors
  5. InvITs - Investment Manager
    - 5A. Merchant Bankers<sup>10</sup>
  6. Mutual Funds - AMCs<sup>11</sup>
  7. Portfolio Managers
  8. Registrars and Share Transfer Agents
  9. REITs – Managers
    - 9A. Research Analyst
- Stock brokers<sup>12</sup> (including Online Bond Platforms & Online Bond Platform Providers)

**Schedule B**  
**(See Paragraph 3 of the Circular)**

**Specified Intermediaries and Regulated Entities**

1. *Clearing Corporations and their constituents* **1A. Commodities Clearing Corporations<sup>13</sup>**
2. *Credit Rating Agency and rating clients*
3. *Custodians and their clients/FPIs*
4. *Debenture Trustees and issuers*
5. *Designated Depository Participant and their clients/FPIs* **5A. ESG Ratings Providers and their clients**
6. *KYC Registration Agency and their clients/intermediaries*
7. *Merchant Banker and issuers*
8. *Mutual Funds and Mutual Fund Distributors*
9. *Proxy Advisory and their clients*
10. *Proxy advisors and listed entities*
11. *Registrars and Share Transfer Agents and their clients*
12. *Research Analyst and their clients*
13. *Stock brokers and their Authorised Persons*
14. *Trading Members and Clearing Members*
15. *Vault Managers and beneficial owners*

### **Schedule C**

#### **Norms for empanelment of ODR Institutions by MIIs and continuing obligations of ODR Institutions**

*MIIs role and responsibility:*

1. An MII shall empanel one or more ODR Institutions as a service provider and enter into relevant agreements with such ODR Institution(s) in accordance with guidelines issued by the Board on outsourcing of activities by stock exchanges, depositories and clearing corporations (as amended from time to time) and this circular. An MII should ensure that the primary/first ODR Institution to be empaneled with it, is not empaneled as the primary/first ODR Institution with any other MII .
2. An MII shall collect requisite information of a ODR Institution desirous of being empaneled for providing ODR services for the Indian Securities Market. Such information shall include: copies of registration certificate, memorandum of association and articles of association/ constitutional documents, rules governing conciliation and arbitration, PAN, Legal Entity Identifier number, composition of its board of directors, governing bodies and advisory councils, if any, and details of its shareholders and investors, and list of its authorised officials / signatories. Changes if any to any of these may be notified to the concerned MII promptly. An MII may drop an ODR Institution from its panel, if there is a delay in notifying or if the changes are viewed by the concerned MII as not conducive to continuance of the ODR institution on the panel.
3. An ODR Institution shall also furnish other credentials that are deemed relevant to the empanelment process including: details of conciliators and arbitrators empaneled by the ODR Institution, norms for such empanelment, fees, costs and charges levied for conduct of online conciliation and arbitration, institutional/corporate clients or other ecosystems where rendering online conciliation and arbitration, aggregate number of disputes received for resolution whether for online conciliation or arbitration, aggregate number of disputes resolved by means of online conciliation and arbitration, aggregate value of disputes resolved by means of online conciliation and arbitration, types and nature of disputes resolved by mean of online conciliation and arbitration, technologies, platform, platform features and facilities in conducting online conciliation and arbitration. Such credentials shall be furnished at the time of empanelment and thereafter on a quarterly basis (April/July/October/January).
4. The details of conciliators and arbitrators required to be furnished shall include: unique count of conciliators and arbitrators trained in the securities market, along with the education, training and professional qualification, number of years of experience,

previous experience in conciliation / arbitration including experience in specific types, natures or sectors, languages conversant with (spoken/written) and other demographic details such as age, sex, location.

5. MIIs shall ensure that the ODR Institutions eligible for empanelment have the ability to integrate their own platform/systems with the ODR Portal for requirements and purposes as specified from time to time, and on or prior to empanelment undertake necessary integration. MIIs shall also ensure that the ODR Institutions also have sufficient technologies to ensure due secrecy, confidentiality and cyber-security for the dataflow between the ODR Portal and its platform/systems, collection of fees and charges (or its refund) and for the conduct of online conciliation and arbitration. MIIs shall also ensure the ODR Institution deploys and makes available such features or facilities on its platform/systems as required by the Board from time to time.
6. MIIs shall ensure that the ODR Institution and its conciliators and arbitrators abide by the Code of Conduct (**Schedule E**) and highest standards of independence, impartiality, ethics and confidentiality as befits conciliation and arbitration, and interests of Indian Securities Market and with the applicable laws including the Arbitration and Conciliation Act, 1996.

*ODR Institutions' role and responsibility:*

7. An ODR Institution empaneled by an MII should be/become a member of association/trade body having as its members MII empaneled ODR Institutions for the Indian Securities Market **on or before October 31, 2023**. Details of such association / trade body shall be furnished to the MIIs and the Board, and shall include: copies of registration certificate, memorandum of association and articles of association/ constitutional documents, PAN, Legal Entity Identifier number, composition of its board of directors, governing bodies and advisory councils, if any, and details of its members, and list of its authorised officials / signatories. Such association / trade body shall undertake such activities and perform such roles and responsibilities as may be specified from time to time.
8. Any complaint received against a conciliator or arbitrator shall be promptly examined by the ODR Institution and the findings/conclusions/actions taken will be reported to the MII. MII may conduct its own review into such a process and/or specific matter. Any complaint against an ODR Institution shall be promptly examined by the MII and post the findings/conclusions, MII shall take appropriate actions.

9. An ODR institution may seek to be removed as an empaneled ODR Institution after disposal of all pending references. Further, in the event of a breach by the ODR Institution of the norms of empanelment specified, and/or SEBI regulations, circulars and advisories or norms of the MII, the MII may suspend/terminate the empanelment of the ODR Institution, without prejudice to its rights to take any further action against the ODR Institution. No new complaints/disputes will be assigned after the receipt of its notice to such effect.
10. MII shall ensure that each ODR institution shall abide by the following norms for furthering transparency and evolving precedents:
  - a) Publish at pre decided regularity, data regarding disputes assigned, count of disposal of such references through conciliation, and count of disposal of references through arbitration (indicating to the extent feasible, decisions in favour of investors and in favour of intermediaries), which will be available freely to the public in such form, manner and mode as the Board may specify, and
  - b) Publish decisions of the arbitrators, redacted or masked to ensure identity of the parties is not ascertainable, to help develop a database of matters and decisions, which will be available freely to the public in such form, manner and mode as the Board may specify.
11. MIIs shall inspect and/or audit the ODR Institution directly or through such person or firm that it may appoint, for, inter alia, verifying the adherence to these norms and applicable SEBI regulations, circulars and advisories.
12. MIIs shall ensure that the ODR Institutions abide by the SEBI regulations, circulars and advisories on online conciliation and online arbitration as applicable. MIIs shall ensure empaneled ODR institutions shall furnish an irrevocable, unconditional undertaking that it shall abide by the norms of empanelment specified, and SEBI regulations, circulars and advisories or norms as may be notified by SEBI and the respective MII from time to time. The ODR institutions shall also acknowledge through such undertaking that the grievance redressal and dispute resolution mechanisms have been set up by the Board as a part of its institutional framework to provide robust dispute resolution processes for the investors and Market Participants.
13. Any complaints/grievances against the ODR Institutions with respect to their services pursuant to this circular shall be resolved in accordance with agreements entered into the MIIs with their ODR Institutions.
14. MIIs shall ensure that the empaneled ODR Institutions have adequate infrastructure, manpower and resources to assist the former in maintaining compliance with their responsibilities under paragraphs 31 – 40 of this circular.

### Schedule D

#### **Suggested norms for empanelment of Conciliators and Arbitrators**

The following factors are suggested for empaneling a person as a conciliator or arbitrator by the ODR Institutions:

1. Age: between 35 years to 75 years.
2. Qualification in the area of law, finance including securities market, accounts, economics, technology, management, or administration.
3. Experience: Minimum 7 years of experience as provided below.
4. Professional experience as outlined below could be considered:
  - a. Financial services including securities market i.e. Banks, NBFCs, MIs, other intermediaries of securities market;
  - b. Legal services – Certified professionals handling conciliation, and /or arbitration independently; and/or
  - c. Ex-officials from the Indian financial sector regulators viz., the Insurance Regulatory and Development Authority, the Pension Funds Regulatory and Development Authority, the Reserve Bank of India and the Securities and Exchange Board of India.
5. Knowledge and Skills such as:
  - a. Knowledge on the functioning of the securities market;
  - b. Securities Laws and Arbitration & Conciliation laws in India;
  - c. Proficiency in English language (reading, writing and speaking);
  - d. Proficiency in one or two regional languages and ability to read/write/speak/all - required for communication and for effective dispute resolution;
  - e. Legal drafting and communications skills;
  - f. Decision making skills required for imparting fair judgement;
  - g. Understand party psychology and common online behaviours: Diversity and cross- cultural communication and possessing professional behaviour
7. The Conciliators and Arbitrators should satisfy the following criteria for empanelment:
  - a. The person has a general reputation and record of fairness and integrity, including but not limited to
    - (i) financial integrity;
    - (ii) good reputation and character; and
    - (iii) honesty;
  - b. The person has not been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
  - c. The person has not been declared insolvent and if yes, has not been discharged;

- d. No order, restraining, prohibiting or debarring the person, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority;
- e. No other order is passed against the person, which has a bearing on the securities market;
- f. The person has not been found to be of unsound mind by a court of competent jurisdiction;  
and
- g. The person is financially sound and has not been categorised as a willful defaulter.

### **Schedule E**

#### **Code of Conduct for Conciliators and Arbitrators**

The Conciliators and Arbitrators shall:

- i. Act in a fair, unbiased, independent and objective manner;
- ii. Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;
- iii. Disclose his/her/their interest or conflict in a particular case, i.e., whether any party to the proceeding had any dealings with or is related to the Conciliator and Arbitrator;
- iv. Not engage in acts discreditable to his/her/their responsibilities;
- v. Avoid any interest or activity which is in conflict with the conduct of his/her/their duties as a conciliatory or arbitrator;
- vi. Avoid any activity that may impair, or may appear to impair, his/her/their independence or objectivity;
- vii. Conduct proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued thereunder, and the contractual arrangements;
- viii. Undertake training courses as may be specified time to time by the Board, including from NISM;
- ix. Endeavour to pass arbitral award expeditiously and within prescribed time;
- x. Pass reasoned and detailed arbitral awards; and
- xi. Maintain confidentiality with respect to the proceeding and its associated recordings and only disclose confidential information as required by law or Courts of competent jurisdiction or legal authority.



**List of circulars consolidated by the Master Circular**

<b>Sl No.</b>	<b>Reference Number of Circular</b>	<b>Date</b>	<b>Subject of the Circular</b>
1	SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131	Jul 31, 2023	<a href="#">Online Resolution of Disputes in the Indian Securities Market</a>
2	SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135	Aug 04, 2023	<a href="#">Corrigendum cum Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market</a>
3	SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/191	December 20, 2023	<a href="#">Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market</a>

#### **D. Investor Protection Fund and Investor Service Fund**

- 1) **Comprehensive guidelines for Investor Protection Fund and Investor Services Fund at Stock Exchanges and Depositories**
- 2) SEBI vide circular no. MRD/DoP/SE/Cir-38/2004 dated October 28, 2004 had issued comprehensive guidelines for Investor Protection Fund (IPF) to be maintained by Stock Exchanges. SEBI vide circular No.SE/10118 dated October 12, 1992 had also advised stock exchanges to establish an Investor Services Fund (ISF). These guidelines have been modified from time to time through various subsequent circulars.
- 3) Based on the feedback received from various market participants, discussions with Stock Exchanges, Depositories and deliberations in Secondary Market Advisory Committee (SMAC) of SEBI, it has been decided to modify certain provisions of the existing guidelines for IPF and ISF.
- 4) The comprehensive guidelines for IPF and ISF are as under:

#### **I. Investor Protection Fund**

##### **A. Constitution and Management of the IPF**

- i. All stock exchanges and depositories shall establish an IPF. The IPF of the stock exchange and depository shall be administered through separate trusts created for the purpose.
- ii. The IPF Trust of stock exchange and depository shall consist of five trustees as under:
  - a) Three Public Interest Directors (PIDs);
  - b) One representative from the investor associations recognized by SEBI; and
  - c) Chief Regulatory Officer or Compliance Officer.
- iii. The maximum tenure of a trustee (excluding the Chief Regulatory Officer or Compliance Officer, whose trusteeship would be co-terminus with their service) shall be five years or as specified by SEBI.
- iv. The stock exchange and depository shall provide the secretariat for their IPF Trusts respectively.

- v. The stock exchange and depository shall ensure that the funds in the IPF are well segregated and that their IPF is immune from any liabilities of the stock exchange and depository respectively. Further, supervision of utilization of IPF and interest or income from IPF will rest with the IPF Trust.

#### **B. Contribution to IPF of Stock Exchange**

- i. The following contributions shall be made by the Stock Exchange to the IPF:
- a) 1% of the listing fees received, on a quarterly basis.
  - b) 100% of the interest earned on the 1% security deposit kept by the issuer companies at the time of the offering of securities for subscription to the public, immediately on refund of the deposit.
  - c) Penalty collected by stock exchanges from Trading Members (TMs) for deficiency in modification of client code, if any, pursuant to SEBI Circular No. CIR/DNPD/6/2011 dated July 05, 2011.
  - d) Penalty collected by stock exchanges from TMs for default in pay-in for certain trades during periodic call auction for Illiquid scrips, if any, pursuant to SEBI Circular No. CIR/MRD/DP/ 6/2013 dated February 14, 2013.
  - e) Penalties collected by stock exchanges from their listed companies for noncompliance with various requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 pursuant to SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020.
  - f) Penalty collected from TMs for default in pay-in by an investor in an Offer For Sale (OFS) transaction – 10% of the order value pursuant to SEBI Circular No. SEBI/HO/MRD/MRDPOD-3/P/CIR/2023/10 dated January 10, 2023.
  - g) Contribution towards the IPF based on the transaction charges collected from the members of the exchange, as per policy of the respective stock exchange.
  - h) At least 70% of interest or income received out of any investments made from the IPF.
  - i) Any other contribution as may be specified by SEBI from time to time.

#### **C. Contribution to IPF of Depository**

- i. The following contributions shall be made by the Depository to the IPF:
- a) 5% of their profits from depository operations every year.

- b) All fines and penalties recovered from Depository Participants (DPs) and other users including clearing member pool account penalty as specified in SEBI circular no. SMDRP/Policy/Cir-05/2001 dated February 01, 2001.
- c) Interest or income received out of any investments made from the IPF.
- d) Funds lying to the credit of IPR (Investor Protection Reserve) / BOPF (Beneficial Owners Protection Fund) of the Depository or any other such fund / reserve of the Depository shall be transferred to IPF.
- e) Any other contribution as may be specified by SEBI from time to time.

**D. Utilization of IPF and interest or income from IPF**

- i. The amount in IPF and any interest or income generated from the IPF of the stock exchanges and depositories shall be utilized for the purposes as stated in the table below:

SN	Particulars	Utilization
1	IPF	<p><b>Stock Exchanges:</b></p> <p>a) To meet the legitimate investment claims of the clients of the defaulting TMs.</p> <p><b>b) To pay interim relief to investors, if any, in terms of paragraph-2(D) of circular No. SEBI/HO/MRD1/ICC1/CIR/P/2021/625 dated September 02, 2021, if any.</b></p> <p><b>Depository:</b></p> <p>a) Promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes, etc. aimed at enhancing securities market literacy and promoting retail participation in securities market;</p>

		<p>b) To utilize the fund for supporting initiatives of DPs for promotion of investor education and investor awareness programmes;</p> <p>c) To meet the legitimate claims of the beneficial owners, upto the maximum cap as to be determined by the depository, in case the same is not settled by the beneficial owner indemnity insurance;</p> <p>d) To utilize the fund in any other manner as may be prescribed or permitted by SEBI in the interest of</p>
2	Interest or income received out of any investments made from the IPF	<p><b>Stock Exchanges:</b></p> <p>a) To further strengthen the corpus, at least 70% of interest or income from IPF received every year shall be ploughed back to IPF;</p> <p>b) To meet the expenses related to dedicated employees of IPF Trust, administration of Investor Service Centers (ISCs), other administrative and statutory expenses such as applicable taxes, audit fees and charity commissioner’s fee, etc., a maximum of 5% of interest or income from IPF received during the year may be utilized. In case the expenses exceed the above limit, such excess expenses shall be borne by the stock exchange and in case of non-utilization of such amount in the same financial year, the same shall be ploughed back to IPF;</p> <p>c) The balance 25% may be utilized by the exchange for promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes etc. aimed at enhancing securities market literacy, promoting retail participation in securities market and undertaking research activities related to securities market. Capital expenditure would be permissible only w.r.t.</p>

		<p>setting up of ISCs. However, no expenditure to be incurred on product promotion in any manner;</p> <p>d) In case of non-utilization of the 25% of interest or income from IPF in the same financial year (as mentioned at paragraph (c) above), the same shall be ploughed back to the IPF; Exchange should not spend in the name of setting up of ISCs beyond its requirement. The main purpose of setting up of ISCs should not be to earn any income. However, income, if any, from the ISCs shall be credited to the IPF Corpus;</p> <p>e) The expenses related to technology at ISCs shall be borne by the stock exchanges; In any other manner, as may be prescribed or permitted by SEBI, in the interest of investors.</p> <p><b>Depositories:</b></p> <p>To further strengthen the corpus, 100% of interest or income from IPF shall be treated as corpus of IPF.</p>
--	--	---

**E. Deployment of Funds of IPF by Stock Exchanges and Depositories**

- i. Funds of the IPF Trust shall be invested in instruments such as Central Government securities, fixed deposits of scheduled banks and any such instruments which are allowed as per the investment policy approved by the respective governing boards of the stock exchanges and depository. The investments shall be adequately diversified with single issuer exposure, excluding Government securities, not exceeding 10% of the IPF corpus. The investment policy shall be devised with an objective of capital protection, portfolio diversification, liquidity, along with highest degree of safety and least market risk.
- ii. The balance available in the IPF as at the end of each month and the amount utilised during the month including the manner of utilization shall be reported to SEBI in the Monthly Development Reports of the stock exchanges and depository respectively.

**F. Review of IPF Corpus**

- i. The stock exchanges and depositories shall conduct half-yearly review (by end of March and September every year) to ascertain the adequacy of the IPF corpus. In case the IPF corpus is found to be inadequate, the same shall be enhanced appropriately.

**G. Timelines for declaration of default of a TM, processing of investor claims out of IPF and review of claims**

- i. A detailed Standard Operating Procedure (SOP), indicating the process and timelines for declaration of default of a TM, processing of investor claims out of IPF and review of claims was prescribed through various letters to stock exchanges. In order to streamline the process and settlement of claims from IPF, a comprehensive SOP is placed at **Annexure-1**.

**H. Manner of inviting claims from investors by stock exchanges**

- i. In accordance with its bye-laws, rules or regulations, the stock exchange shall publish a notice inviting the legitimate claimants to file claims against the defaulter TMs within a specified period of time, called as the “specified period”.
- ii. The specified period for inviting legitimate claims against a defaulter TM, shall not be less than one year from the date of declaration of default.
- iii. The stock exchange shall publish the notice in all the editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation, in regional language, based on the maximum concentration of the clients of defaulter TM from a particular region or state.
- iv. Apart from the public notice, SMS or e-mail messages would be sent to all clients of the defaulter TM to inform them about the TM default and invite claims.
- v. The notice calling for claims shall also be displayed on the premises of the stock exchange (including Investor Service Centers) for the entire specified period as well as on the websites of the stock exchange. The notice shall contain the specified period, the maximum compensation limit for a single claim of an investor, etc.
- vi. The notice should emphasize or reiterate that clients who want to lodge their claim shall submit the claim form along with all supporting documents to the stock exchange.

- vii. The stock exchanges shall ensure that all investors of such defaulter TMs have been provided the information to lodge their claims.

**I. Eligible Claims**

- i. The claims received against the defaulter TMs during the specified period shall be eligible for compensation from the IPF.
- ii. Where the clients have dealt through the authorized persons of the defaulting TM, registered with the stock exchange, such clients will also be eligible for claims against the defaulting TM for compensation from the IPF.
- iii. If any eligible claim arises within three years from the date of expiry of the specified period, such claims:
  - a) shall be considered eligible for compensation from IPF in case where the defaulter TM's funds are inadequate. In such cases, IPF Trust shall satisfy itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
  - b) shall not be considered eligible for compensation from IPF in case where the surplus funds of the defaulter TM is returned to the defaulter TM. The same shall be borne by the stock exchange after scrutinizing and satisfying itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
- iv. Any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.
- v. The claims of only the investors or clients shall be eligible for compensation from the IPF and in no case the claims of a TM or an associate of the TM of the stock exchange shall be eligible for compensation out of the IPF.
- vi. The claims of the investors or clients arising out of speculative transactions shall not be eligible for compensation from the IPF.

**J. Threshold limit for claims**

- i. The stock exchanges shall fix suitable per investor compensation limits, in consultation with the IPF Trust and SEBI.



- ii. The stock exchanges, in consultation with their IPF Trust, shall review and progressively increase the amount of compensation available against a single claim from an investor, at least once in every three years.
- iii. The Stock Exchange shall disseminate the compensation limit fixed by them and any change thereof, to the public through a Press Release and also through its website.

**K. Determination of legitimate claims from IPF for clients of the defaulter TM**

- i. The Stock Exchanges shall ensure that once a TM has been declared defaulter, the claim(s) shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC) for sanction and ratification. MCSGFC's advice w.r.t. legitimate claims shall be sent to the IPF Trust for immediate disbursement of the amount.
- ii. In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the MCSGFC is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the exchange mechanism or any other legal forum outside the exchange mechanism for claim of the balance amount.

**L. Disbursements of claims from the IPF**

- i. The IPF Trust shall disburse the amount of compensation from the IPF to the investor and such a compensation shall not be more than the maximum amount fixed for a single claim of an investor.
- ii. The compensation shall be disbursed to the investor from the IPF in case there is a shortage of defaulter TM's assets, subject to the maximum amount fixed for a single claim of an investor.
- iii. The IPF Trust need not wait for realization of assets of the defaulter TM for disbursements of the claims;
- iv. The stock exchange would do away with the practice of obtaining indemnity undertaking from the clients.
- v. The stock exchange shall ensure that the amount realized from the assets of the defaulter TM is returned to the defaulter TM only after settling the following as per the bye-laws of stock exchange: -
  - a) Claims of clients of TM received

- b) Eligible claims of all stock exchanges of which the defaulter TM was a member;
- c) Claims of SEBI, if any;
- d) Pending litigations against the defaulter TM;
- e) Estimated value of claims of clients of TM yet to be received after the end of specified period. This amount shall be estimated by stock exchanges and kept for a maximum period of three years from the date of expiry of specified period.

Any amount realized from assets of defaulter TM and being retained by stock exchange shall be kept in a separate interest bearing account and in case the funds remained unclaimed after the timeline the same shall be returned to the defaulter TM.

#### **M. Disclosures**

- i. The stock exchanges and depositories are advised to
  - a) Disclose the corpus of the IPF on its website and update the same on a monthly basis.
  - b) Disseminate its policy on processing investor claims from IPF on their website including the compensation limit fixed by them per investor.
  - c) To frame FAQs on their policy on processing investor claims for easy understanding of investors.
  - d) Give adequate notice (including a press release) to the investors before implementing any amendment in the policy on processing of claims. In case of any amendment in the policy on processing of investor claims, the same should not be applicable to the TMs who have been disabled or suspended or declared defaulter by the exchange prior to the effective date of implementation of policy.

#### **II. Investor Services Fund of Stock Exchanges**

- i. The stock exchange shall set aside at least 20% of the listing fees received for ISF for providing services to the investing public.
- ii. In order to have better management and control on the contributions and utilization of ISF corpus, supervision of the same will rest with the Regulatory Oversight Committee.

- iii. The amount in ISF of the stock exchanges and any interest generated from this ISF shall be utilized for the purpose as stated in the table below:

SN	Particulars	Utilization
1	ISF	<p>a) ISF can be utilized only for promotion of investor education and investor awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programmes etc. aimed at enhancing securities market literacy and promoting retail participation in securities market;</p> <p>b) At least 50% of the corpus should be spent at Tier II &amp; Tier III cities;</p> <p>c) Cost of training of arbitrators;</p> <p>d) In any other manner as may be prescribed or permitted by SEBI in the interest of investors;</p> <p>ISF shall not be charged against expenses incurred for sending SMS and E-mails as per provisions of the SEBI circular no. CIR/MIRSD/15/2011 dated August 02, 2011.</p>
2	Interest on ISF	Interest received on ISF shall be ploughed back to ISF.

### **III. Miscellaneous**

- h. If a stock exchange or a depository is wound up or derecognized or exits, then the balance in the IPF and/or ISF lying un-utilised with the stock exchange and depository shall be transferred to Investor Protection and Education Fund of SEBI in terms of SEBI (Investor Protection and Education Fund) Regulations, 2009. The funds shall be utilised for purposes of Investor education, awareness, research, etc.

#### **IV. Applicability**

- i. The provisions of this Circular shall come into effect from 30<sup>th</sup> day of issuance of this circular.
- ii. The existing provisions on IPF and ISF issued through various SEBI circulars mentioned as under shall be rescinded with effect from the date of implementation of this circular:
  - a) Circular No. SMD/RCG/PJ/268/96 dated January 19, 1996,
  - b) Circular No. SMD/Policy/Cir-15/2002 dated June 26, 2002,
  - c) Circular No. MRD/DoP/SE/Cir-38/2004 dated October 28, 2004,
  - d) Circular No. MRD/DoP/SE/Cir-21/2006 dated December 14, 2006,
  - e) Circular No. CIR/MRD/DP/06/2011 dated June 16, 2011,
  - f) Circular No. CIR/MRD/DP/28/2014 dated September 29, 2014,
  - g) Circular No. SEBI/HO/MRD/DP/CIR/P/2016/58 dated June 07, 2016,
  - h) Paragraph 2C of Circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017,
  - i) Paragraph 1 of Circular No. SEBI/HO/MRD/DDAP/CIR/P/2020/16 dated January 28, 2020 and
  - j) Paragraph 2C of Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2021/625 date September 02, 2021
- iii. All previous communications or directions by SEBI, through various letters or e-mails, etc. pertaining to periodicity of review of IPF corpus, utilization of interest of IPF, SOP indicating timeline for processing of claims, review of claims, etc., disclosure of IPF corpus and policy of processing of investor claims and implementation of amendment of policy on processing of investor claims will stand rescinded with effect from the date of implementation of this circular.

**Standard Operating Procedure (SOP) for handling of Claims of Investors from IPF of stock exchanges in case of default by TMs**

SN.	Action	Process to be followed	Maximum Timeline
1.	Disablement of the TM	The stock exchange shall disable the TM on account of trigger of SOP as per SEBI  Circular No. SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020.	T day
2.	Information to Investors about disablement of the TM	The stock exchange shall issue the public notice on its website	T day
		The stock exchange shall intimate investors through SMS and e-mail on their registered mobile no. and e-mail ID.	T+1 day
3.	Pre-filled forms to be sent to clients providing information regarding balances with the TM	<ul style="list-style-type: none"> <li>&gt; The stock exchange shall provide a prefilled claim form to the client containing details of their funds and securities balances with TM as per information available with the stock exchange and trades data for 90 days prior to disablement of the TM.</li> <li>&gt; The prefilled form would also include the details available with the exchange such as PAN, address, e-mail ID, mobile no, etc.</li> <li>&gt; The information w.r.t. funds and securities balances to be provided to the client would be provisional as it would be without verification about its correctness/ completeness.</li> <li>&gt; The exchange may mention that the claims would be processed as per the provisions of SEBI Circulars and Regulations and as per Rules, Regulations, Bye-laws of the stock exchange.</li> <li>&gt; The stock exchange can send the pre-filled claim forms to the clients on their registered e-mail</li> </ul>	T+15 days

		IDs, if available with the exchange. The stock exchange shall provide physical copies of the claim forms on request of the investor.	
4.	Submission of claim forms by the client of defaulting TM	<ul style="list-style-type: none"> <li>&gt; The client would be required to fill claim forms either online or offline, by making necessary changes in the pre-filled claim form and providing additional details.</li> <li>&gt; Supporting documents such as relevant bank statements, demat statements, client ledger, etc. needs to be provided along with the claim form.</li> <li>&gt; The client should provide the bank account details for disbursal of the amount at this stage itself in case the claim is admitted.</li> <li>&gt; Exchange may seek additional documents, if required, on case to case basis.</li> </ul>	T+75 days
5.	Declaration of default of the TM	<ul style="list-style-type: none"> <li>&gt; The exchange will declare the TM a defaulter after completing the due process for declaring a TM as a defaulter.</li> <li>&gt; Extension of timeline beyond T+120 days, if any, for declaration of default of the TM would be subject to approval of SEBI.</li> <li>&gt; The notice should also invite claims, from those clients who have not submitted their claims earlier, along with all supporting documents.</li> </ul>	T+120 days
6.	Intimation to investors about declaration of TM as a defaulter.	> The stock exchange shall issue the Public Notice on default of the TM immediately on their website.	On the day of declaration of default of the TM
		> The exchange shall also intimate the investors about the defaulter of the TM through SMS or e-mail on their registered mobile no. or e-mail ID within 1 day from declaration of default.	Within 1 day from the day of declaration of default of the TM.
		> The default notice shall also be published in the newspapers i.e. in all the editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation, in regional language, based on the maximum concentration of the clients of defaulter TM from a particular region or state.	Within 3 days from the day of declaration of default of the TM.

7.	Processing, auditing and settlement of claims	<ul style="list-style-type: none"> <li>&gt; The claim forms from clients received either online or offline are to be scrutinized to ensure that the claims are supported by relevant documents such as proof of payment, demat account statement, ledger account statement, etc.</li> <li>&gt; In case of any additional documents are required from the client, the same is to be intimated to the client immediately.</li> <li>&gt; The claims which are complete in all respect are to be processed by verifying the details with the Exchange's records viz. trades executed, unique client codes, ledger supported by bank and demat statements, etc. and arrive at admissibility or otherwise of the claims.</li> <li>&gt; After processing of the claims by the exchange, the claims would be routed to the auditors to assess the veracity and genuineness of the claims including admissibility of the claim.</li> <li>&gt; After processing, auditing of the claims and declaration of the TM as defaulter, the claims shall be placed before Member and Core Settlement Guarantee Funds Committee (MCSGFC) for approval.</li> <li>&gt; In case the assets of the defaulter and / or expelled TM are insufficient to meet the admitted amount, the MCSGFC would recommend payment of investor claims to the Trustees of the Investor Protection Fund Trust (IPFT) for payment out of the Investor Protection Fund (IPF)</li> <li>&gt; The IPFT to approve the payment of the eligible claim amount to the client from the IPF.</li> <li>&gt; The exchange will communicate the decision on claims to the clients post approval by the IPFT.</li> </ul>	<ol style="list-style-type: none"> <li>1. All claims received within the timeline mentioned at point-4, if approved by the IPFT, shall be settled within T+135 days.</li> <li>2. All claims received after the timeline mentioned at point-4 above but before the declaration of the TM as defaulter, if approved by the IPFT, shall be settled within 60 days from the date of such declaration.</li> <li>3. All claims received on or after the date of declaration of the TM as defaulter, if approved by the IPFT, shall be settled within 60 days from the date of receipt of such claims.</li> </ol>
8.	Request for review of the claim from the client	In case the client is not satisfied with the processing of his claim, the client can file a review with the Member and Core Settlement Guarantee Fund Committee (MCSGFC) (first review).	Within 90 days of receipt of intimation of the decision of the IPFT from the stock exchange

	(First Review)	The MCSGFC will review the claim and inform the same to the client.	Within 60 days of receipt of review application.
9.	Request for review of the claim from the client (Second Review)	In case the client is still not satisfied with the first review by the MCSGFC, the client can file the second review application with the committee of Public Interest Directors (PIDs). The Committee of PIDs, wherever possible, shall consist of PIDs not forming part of the MCSGFC.	Within 90 days of receipt of intimation of decision of the first review by MCSGFC
		The committee of PIDs would review the claim and inform the same to the client.	Within 60 days of receipt of the review application.