



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DoC/P/CIR/2021/649

October 22, 2021

To,

**The Managing Directors / Chief Executive Officers,
All Recognized Stock Exchanges having Commodity Derivatives Segment**

Dear Sir/ Madam,

Sub.: Amendment to SEBI Circulars pertaining to Investor Grievance Redressal System and Arbitration Mechanism

1. Attention is drawn to SEBI circulars bearing reference nos. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017 and CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018 on Investor Grievance Redressal System and Arbitration Mechanism.
2. In order to further enhance the effectiveness of Investor Grievance Redressal System and Arbitration Mechanism at the Stock Exchanges, based on the internal deliberations/discussions, and the feedback received from the Stock Exchanges, it has been decided to add/modify certain provisions of the aforesaid circulars, as stated here under:

Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017

- 2.1. Clause 2.A (v) on 'Empanelment of arbitrators and segregation of arbitration and appellate arbitration panel' of the aforesaid Circular, mandated segregation of arbitration and appellate arbitration panel. In this regard, the following is being clarified:

"Forming of exclusive panel for appellate arbitration is not required and members can serve on both the panels. However, it is imperative for the exchanges to ensure that in the same matter, the members of arbitration panel are not considered for constituting the appellate arbitration panel if the matter goes to appeal."

- 2.2. Clause 2.A (viii) and Clause 2.A (xi) (iii) of the aforesaid Circular shall be substituted with the following:

a. 2.A (viii). Place of arbitration / appellate arbitration

"In case, the award amount is more than Rs. 50 lakhs (Rs. Fifty lakhs), the next level of proceedings (arbitration or appellate arbitration) may take place at the nearest metro city, if so desired by any of the parties involved. The additional statutory cost for arbitration, if any, shall be borne by the party desirous of shifting the place of arbitration."



b. 2.A (xi) (iii). Threshold limit for interim relief paid out of IPF in Stock Exchanges

“(iii) In case, the order is in favour of client and the member opts for arbitration wherein the claim value admissible to the client is not more than Rs. 20 lakhs (Rs. Twenty lakhs), the following steps shall be undertaken by the Stock Exchange:

- a) In case the GRC order is in favour of the client, then 50% of the admissible claim value or Rs. 2.00 lakhs (Rs. Two lakhs), whichever is less, shall be released to the client from IPF of the Stock Exchange.
- b) In case the arbitration award is in favour of the client and the member opts for appellate arbitration, then a positive difference of, 50% of the amount mentioned in the arbitration award or Rs. 3.00 lakhs (Rs. Three lakhs), whichever is less, and the amount already released to the client at clause (a) above, shall be released to the client from IPF of the Stock Exchange.
- c) In case the appellate arbitration award is in favour of the client and the member opts for making an application under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the appellate arbitration award, then a positive difference of, 75% of the amount mentioned in the appellate arbitration award or Rs. 5.00 lakhs (Rs. Five Lakhs), whichever is less, and the amount already released to the client at clause (a) and (b) above, shall be released to the client from IPF of the Stock Exchange.
- d) Total amount released to the client through the facility of interim relief from IPF in terms of this Circular shall not exceed Rs. 10.00 lakhs (Ten lakhs) in a financial year.”

Circular No. CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018

2.3. The following shall be inserted at the end of Clause 2 (ii) of the aforesaid Circular:

2 (ii). Speeding up grievance redressal mechanism

“The additional fees charged from the trading members, if the claim is filed beyond the prescribed timeline, if any, to be deposited in the IPF of the respective Stock Exchange.”

3. The provisions of this circular shall come into effect from **January 1, 2022**.

4. The Stock Exchanges are advised to:

- a) Make necessary amendments to the relevant bye-laws, rules and regulations.



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- b) Communicate to SEBI, the status of the implementation of the provisions of this circular through the Monthly Development Report (MDR).
5. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 9(2)(n) and Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. All other provisions of the relevant circulars will continue to be in force.
6. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

Vishakha More
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