NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : INVESTOR SERVICES CELL	
Download Ref.No.: NSE/ISC/24762	Date : October 17, 2013
Circular Ref.No.: 6/2013	

To All Members

Sub : Investor Grievance Redressal Mechanism

This is with reference to the Exchange circular no. NSE/ISC/2013/24570 dated September 27, 2013 enclosing SEBI circular no. CIR/MRD/ICC/30/2013 dated September 26, 2013 regarding the above subject matter.

Further to that, members' specific attention is again drawn to the following:

1. Members are requested to provide a dedicated email id for correspondence to the Investor Services Cell of the Exchange either through a letter or through an email. Exchange shall communicate the complaints received to the Member through ENIT/on the dedicated E-mail ID so provided by the Member.

2. On receipt of the complaint, the Member shall immediately act upon the same and revert with the details of redressal to the Exchange by way of a letter or an email.

3. In case the matter does not get resolved within 15 days from date of registration of complaint by the Exchange, the same shall be referred to the Investor Grievance Resolution Panel (IGRP). IGRP will try to resolve the complaint failing which it will decide on the admissibility of the complaint or otherwise within 15 days. Members are requested to co-operate by remaining present for the IGRP meeting and ensure that the authorized representative appearing before IGRP is adequately empowered to take decisions at the meeting.

4. As soon as the IGRP directions are received, for cases where the IGRP has decided admissible claim in favour of the investor, the Exchange shall block 100% of the amount decided as admissible by the IGRP out of the deposit/collaterals of the Member available with the Exchange/NSCCL. If on account of such blockage the deposit/collaterals fall below the requirement, Members' ability to trade may get impacted. Intimation of blocking will be given to Members within a day of blocking of funds though ENIT/ on the dedicated E-mail ID.

5. The Member has to inform the Exchange through a letter or from the E-mail id of the compliance officer/dedicated E-mail ID whether it intends to pursue the next level of resolution i.e. Arbitration, within 7 days from the date of the Investor Grievance Resolution Panel (IGRP) direction.

6. If no intimation is received within the aforesaid 7 days, the amount decided as admissible by the IGRP shall be released to the investor out of the amount blocked from the Member's deposits/collaterals. Intimation of release will be given to Members within a day of release of funds through ENIT/ on the dedicated E-mail ID. If confirmation of settlement of claim to investor is received from the Member, the amount blocked shall be refunded to the Member.

7. In case the Member does not file arbitration within the prescribed time limit, the amount decided as admissible by the IGRP shall be released to the investor out of the amount blocked from the Member's deposits/collaterals.

8. If IGRP passes directions admitting the claim of the investor which is not more that Rs.10 Lakhs and the Member opts for arbitration, 50% of the admissible claim value or Rs.0.75 Lakhs whichever is less will be released to the Investor from the Investor Protection Fund (IPF) of Exchange.

9. In case of applications for arbitration where the award amount exceeds the admissible claim amount, the Exchange shall block the additional award amount out of the deposit/collaterals of the Member available with the Exchange/NSCCL.

10. Except for the aforesaid, in case of arbitration awards and appellate arbitration awards in favour of investors, the Exchange shall block 100% of the arbitration award/appellate award amount out of the deposit/collaterals of the Member available with the Exchange/NSCCL which may result in reduced exposure and disablement.

11. In case the arbitration award is in favour of the investor and Member informs the Exchange its intention of filing appellate arbitration or petition in Court or application u/s 33 of Arbitration and Conciliation Act, 1996, within 7 days from the date of receipt of the award, then a positive difference of 50% of the amount mentioned in the arbitration award or Rs.1.5 lac, whichever is less, after reducing any amount already released to the investors from IPF, will be released to the investor from IPF of the Exchange.

12. In case the appellate arbitration award is in favor of the investor and the Member informs the Exchange, its intention of filing petition in court to set aside the appellate arbitration award or application u/s 33 of Arbitration and Conciliation Act, 1996, within 7 days from the date of receipt of appellate award, then a positive difference of 75% of the amount determined in the appellate arbitration award or Rs.2 Lakhs, whichever is less, after reducing any amount already released to the investors from IPF, will be released to the investor from IPF of the Exchange.

13. It may be noted that Members can file application for appellate arbitration within one month of receipt of arbitration award. Further Members can file an application before the competent court to set aside an arbitral award within three months from receipt of the award u/s 34(3) of the Arbitration and Conciliation Act 1996. If Member intends to file an

application for appellate arbitration or application u/s 34(3) of the Arbitration and Conciliation Act 1996, the Member shall convey its intention either through a letter or an email from the E-mail id of the compliance officer/dedicated E-mail ID within 7 days of the receipt of award.

14. If no intimation to challenge the arbitration award/appellate arbitration is received within the aforesaid 7 days, it would be presumed that the Member does not intend to challenge the award and the Stock Exchange shall release the award amount to the investor out of the amount blocked from the Member's deposit/collaterals.

15. If after communication of intention of filing the appellate arbitration/ application u/s 34(3) Arbitration and Conciliation Act, 1996 to set aside an arbitral award, the Member fails to file such appellate arbitration/ application u/s 34 within timelines as specified for filing application, then the award amount blocked from the deposit/collaterals of the Member available with the Exchange/NSCCL shall be released to the investor.

16. In case the matter is decided in favour of the investor after conclusion of the proceedings i.e. arbitration, appellate arbitration or court proceedings challenging the award and not pending before any higher appellate authority, then amount released to the investor out of IPF shall be taken out of the blocked amount of the Member and returned to IPF and the rest if any, payable by TM to investor as per the award, will be released to investor from the blocked amount of TM.

17. It may be noted that in case the Investor loses at any stage of the proceedings and decides not to pursue it further before the higher appellate authority, then the Investor shall refund the amount released from the Investor Protection Fund (IPF), back to the NSE IPFT.

18. In case the investor fails to make good the amount released out of NSE IPFT, then the investor (based on PAN of the investor) shall not be allowed to trade on any of the Stock Exchanges and the securities lying in the demat account(s) of the investor shall be frozen till such time that the investor refunds the amount to NSE IPFT. The PAN details of such investor will be displayed on Exchange's website and Members are advised to ensure that such investors are not allowed to trade through them.

19. With a view to address complaints regarding 'unauthorised trades', Members are directed to put in place the following:
Incase the Member has made margin calls to the client and the client has failed to comply with these margin calls, then the contract note issued by Member for transactions owing to non-compliance of such margin calls would bear a remark specifying the same.

20. The Member shall maintain a verifiable record of having made such margin calls and that the clients have not complied with the same.

Further, Members may note that the Exchange shall apply the provisions of this circular to the complaints and arbitration applications filed after October 15, 2013.

Members are requested to take note and comply with the circular.

For any clarifications, members may contact the Investor Services Cell / Inspection

Department of the Exchange.

For and on behalf of
National Stock Exchange of India Limited

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