

Annexure A

Standard Operating Procedure (SOP) for Handling of Claims of Investors in the Cases of Default by Trading Members

Sl. No.	Action	Process to be followed	Timeline
1.	Disablement of the Trading Member (TM)	Disablement of the TM on account of trigger of SOP as per SEBI circular dated July 01, 2020	T day
2.	Pre-filled forms to be sent to clients providing information regarding balances with the TM	➤ The Exchange will provide the client his/ her funds and securities balances as available with the Exchange (uploaded by the TM with the exchange/ as per client ledger etc.) and Trades data for 90 days prior to disablement. ➤ The prefilled form would also include the details available with the exchange such as PAN, address etc. ➤ However, the balances to be provided to the client would be provisional as they would be without verification about its correctness/ completeness ➤ The exchange may give adequate caveats regarding the balances shared with the clients and may also mention that the claims would be processed as per the SEBI Circular and Regulations and Rules, Regulations, Byelaws of the exchange	T+30 days
3.	Claim lodgment Clients to fill the claim form and provide the supporting documents	➤ The client would be required to fill claim forms either online or offline, making necessary changes in the claim form and providing additional details ➤ Supporting documents such as relevant bank statements, demat statements, client ledger	Within 30 days of receipt of pre-filled form However, client can lodge claims till the end of 3 years

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		etc. needs to be provided along with the claim form ➤ The Client would provide the bank details for disbursement of the amount at this stage itself in case the claim is admitted ➤ Exchange may seek further documents on case to case basis	from the date of the public notice provided
4.	Processing of claims and auditing of claims	➤ The claims which are lodged in physical form are to be entered in the exchange system for processing ➤ The claims received in physical form as well as online 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. ➤ In case of any additional documents are required from the client, the same is to be intimated to the client immediately ➤ The claims which are complete in all respect are to be processed by verifying the details / documents provided by constituents 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. ➤ 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	Within 60 days of receipt of the claim form from the clients.
5.	Declaration of TM as defaulter	➤ The exchange would follow the process for declaring the TM as defaulter	Within 90 days from date of

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			disablement (on account of triggering of SOP) (T+90 days)
6.	Public Notice regarding declaration of defaulter	➤ Exchange will issue a public notice in new papers i.e. in national daily having wide circulation and in the regional language new paper at the place where the Stock Exchange is situated. ➤ The notice would also contain a reminder to submit all supporting documents	Within 3 working days from the date of declaration of defaulter
7.	Approval of the claim (by IPF Trust on the basis of recommendation of MCSGFC and Intimation to the clients regarding admissibility of the claim and disbursal of the eligible amount	➤ After processing and auditing of the claims, after declaration of the TM as defaulter, the claims would be placed before the Member and Core Settlement Guarantee Fund Committee (MCSGFC) for approval ➤ In case the assets of the defaulter and / or expelled member 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) ➤ The IPFT to approve the payment of the eligible claim amount to the investor from the IPF ➤ The exchange would communicate the decision on claims to the clients post approval by the IPFT.	Within 15 days of declaration of default

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		(The exchange would do away with the present practice of obtaining indemnity undertaking from the clients)	

Process for Review of the claim

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1	Request for review of the claim from the client (first review)	➤ In case the client is not satisfied with the processing of his claim, he/ she can file a review with the Member and Core Settlement Guarantee Fund Committee (MCSGFC) (first review)	Within 90 days of receipt of intimation from the exchange regarding admissibility of the claim
		➤ The MCSGFC will review the claim and intimate it's decision to the client	Within 60 days of receipt of review application
2	Request for review of the claim from the client (second review)	➤ In case the client is still not satisfied with the review by the MCSGFC (first review), he/ she can file a review with the committee of Public Interest Directors (PIDs)	Within 90 days of receipt of intimation from the MCSGFC on the first review
		➤ The committee of PIDs would review the claim and intimate it's decision to the client	Within 60 days of receipt of the review application

