

Circular No.: NSDL/POLICY/2021/0094

September 13, 2021

Subject: SEBI Circular on Amendment to SEBI Circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017 regarding Amendment pursuant to comprehensive review of Investor Grievance Redressal Mechanism

Attention of Participants is invited to SEBI Circular No. SEBI/HO/MRD1/ICC1/CIR/P/2021/625 dated September 02, 2021 (copy enclosed) regarding Amendment to SEBI Circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017 on amendment pursuant to comprehensive review of Investor Grievance Redressal Mechanism.

Participants are requested to take note of the above.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Networth Certificate and Audited Financial Statements.	September 30th every year.	By hard copy to Inspection Department	Circular No. NSDL/PI/98/414 dated September 1, 1998

Digitally signed by

Name : Chirag Shah
Date : 13-09-2021 13:01:37
Reason : Authentication

National Securities Depository Limited

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CIRCULAR

SEBI/HO/MRD1/ICC1/CIR/P/2021/625

September 02, 2021

**All recognized Stock Exchanges (excluding Commodity Derivatives Exchanges)/
Depositories**

Sir/ Madam,

Sub: Amendment to SEBI Circular SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017 on Amendment pursuant to comprehensive review of Investor Grievance Redressal Mechanism

1. SEBI issued a Circular SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017 on Amendment pursuant to comprehensive review of Investor Grievance Redressal Mechanism.
2. Pursuant to representation received from the stock exchanges, the following paragraphs of the aforesaid circular stands modified/replaced as under:

A. Clause 1.H. is replaced as under:

“1.H. Place of arbitration / appellate arbitration

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

B. Clause 1.J. is modified as under:

“1.J. Speeding up grievance redressal mechanism

“(v) In all cases except the additional fees charged from the trading members, if the claim is filed beyond the timeline prescribed in column 3, (only for member), on issue of the arbitral award the stock exchange shall refund the deposit to the party in whose favour the award has been passed.

(vi) *The additional fees charged from the trading members, if the claim is filed beyond the timeline prescribed in column 3, (only for member), if any, to be deposited in the IPF of the respective Stock Exchange.”*

C. Clause 2.E. is replaced as under:

“2.E. Determination of legitimate claims from IPF for clients of the defaulter member

The Stock Exchanges shall ensure that once a member has been declared defaulter, the claim (s) shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC, the erstwhile Defaulters’ Committee) for sanction and ratification. MCSGFC’s advice w.r.t. legitimate claims shall be sent to the IPF Trust for disbursement of the amount immediately.

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 / any other legal forum outside the exchange mechanism for claim of the balance amount.”

D. Clause 2.F. is modified as under:

“2.F. Threshold limit for interim relief paid out of IPF in Stock Exchanges

(iii) In case, 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 should 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, should 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 Exchanges.

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.”*

3. The Stock Exchanges (excluding Commodity Derivatives Exchanges)/ Depositories are directed to:
 - a) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately;
 - b) bring the provisions of this circular to the notice of the members/ DPs and also to disseminate the same through their website; and
 - c) take steps to make the investors aware of the aforesaid changes/ modifications.
4. 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 and shall come into effect immediately. All other provisions of the relevant circulars will continue to be in force.

(iv) This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Nirdosh Rajan Minz
Deputy General Manager
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