



SEBI/HO/MIRSD/DOC/CIR/P/2020/226

November 06, 2020

To,

The Managing Director/Executive Director,
All Stock Exchanges

Dear Madam/Sir,

Subject: Investor Grievance Redressal Mechanism

1. In order to further strengthen the Investor Grievance Redressal Mechanism, based on feedback received from market participants and Working Group constituted for the purpose, the following are issued as clarification to Circular No. CIR/MRD/DSA/24/2010 dated August 11, 2010, Circular No. CIR/MRD/DSA/2/2011 dated February 09, 2011, and Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013.

2. Resolution of complaints by Stock Exchange

i. Timeline

Stock Exchange shall ensure that the investor complaints shall be resolved within 15 working days from the date of receipt of the complaint. Additional information, if any, required from the complainant, shall be sought within 7 working days from the date of receipt of the complaint. The period of 15 working days shall be counted from the date of receipt of additional information sought.

Stock Exchange shall maintain a record of all the complaints addressed/redressed within 15 working days from the date of receipt of the complaint/additional information. If complaint is not resolved within stipulated time frame, then the reason for non redressal in given time frame shall also be recorded.

ii. Service related complaints

Stock Exchange shall resolve service related complaints at its end. However, in case the complainant is not satisfied with the resolution, the same may be referred to the Investor Grievance Redressal Committee ("IGRC"), after recording the reasons in writing by the Chief Regulatory Officer of the Stock Exchange or any other officer of the Stock Exchange

authorized in this behalf by the Managing Director. Service related complaints shall include non-receipt/ delay of Account statement, non-receipt/ delay of bills, closure of account/ branch, technological issues, shifting/closure of branch without intimation, improper service by staff, freezing of account, alleged debit in trading account, contact person not available in Trading member's office, demat account transferred without permission etc.

iii. Complaints to be referred to IGRC

For Complaints related to trade, settlement and 'deficiency in services', resulting into any financial loss, the stock exchange shall resolve the complaint on its own as per the time lines prescribed. However, if complaint is not resolved amicably, the same shall be referred to the IGRC, after recording the reasons in writing by the Chief Regulatory Officer of the Stock Exchange or any other officer of the Stock Exchange authorized in this behalf by the Managing Director.

It shall be the responsibility of the Stock Exchange to provide documents/ necessary information after collecting the same from the member and/ or the complainant and provide necessary assistance to IGRC to ensure resolution of complaints in a timely manner.

3. Handling of complaints by IGRC

i. IGRC shall have a time of 15 working days to amicably resolve the investor complaint through conciliation process. If IGRC needs additional information, then IGRC may request the Stock Exchange to provide the same before the initiation of the conciliation process. In such case, where additional information is sought, the timeline for resolution of the complaint by IGRC shall not exceed 30 working days.

ii. IGRC shall not dispose the complaint citing "Lack of Information and complexity of the case". The IGRC shall give its recommendation to Stock Exchange.

iii. IGRC shall decide claim value admissible to the complainant, upon conclusion of the proceedings of IGRC. In case claim is admissible to the complainant, Stock Exchanges shall block the admissible claim value from the deposit of the member as specified in this regard.

iv. Expenses of IGRC shall be borne by the respective Stock Exchange and no fees shall be charged to the complainant/member.

v. The Stock Exchange shall organize regular training program for IGRC members in consultation with National Institute of Securities Markets ("NISM"). The cost of such program shall be borne by Investor Service Fund ("ISF") of the Stock Exchange.

4. Arbitration

For any dispute between the member and the client relating to or arising out of the transactions in Stock Exchange, which is of civil nature, the complainant/ member shall first refer the complaint to the IGRC and/ or to arbitration mechanism provided by the Stock Exchange before resorting to other remedies available under any other law. For the removal of doubts, it is clarified that the sole arbitrator or the panel of arbitrators, as the case may be, appointed under the Stock Exchange arbitration mechanism shall always be deemed to have the competence to rule on its jurisdiction.

A complainant/member, who is not satisfied with the recommendation of the IGRC, shall avail the arbitration mechanism of the Stock Exchange for settlement of complaints within six months from the date of IGRC recommendation.

5. The stock exchanges are advised 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 of the stock exchange and also to disseminate the same through their website; and
- c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.

6. 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 10 of the Securities Contract (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 from January 01, 2021.

7. This Circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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MIRSD

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