



# SEBI clarifications on resolution of complaints by stock exchanges and the Investor Grievance Redressal Committee

INSIGHTS

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In order to further streamline the investor grievance redressal mechanism, SEBI has issued following clarifications in relation to resolution of complaints by stock exchanges and the Investor Grievance Redressal Committee (IGRC):

## 1. Resolution of complaints by Stock Exchange

- **Timeline:** Stock exchange to ensure that the investor complaints are resolved within 15 working days from the date of receipt of the complaint. Additional information, if any, required from the complainant, to be sought within 7 working days from the date of receipt of the complaint. The period of 15 working days will be counted from the date of receipt of additional information sought.
- **Recording of complaints:** Stock exchange to 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 to be recorded.
- **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 IGRC, after recording the reasons in writing. 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.
- **Complaints to be referred to IGRC:** 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 timelines prescribed. However, if complaint is not resolved amicably, the same shall be referred to the IGRC, after recording the reasons in writing.

## 2. Handling of complaints by IGRC

- **Timeline:** IGRC to 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.
- **Recommendation to stock exchange:** IGRC shall not dispose the complaint citing "Lack of Information and complexity of the case". The IGRC to give its recommendation to stock exchange.
- **Determination of claim value:** IGRC to decide claim value admissible to the complainant, upon conclusion of the proceedings of IGRC. In case claim is admissible to the complainant, stock exchanges to block the admissible claim value from the deposit of the member as specified in this regard.
- **Proceeding expenses:** Expenses of IGRC to be borne by the respective stock exchange and no fees shall be charged to the complainant/member.
- **Training for IGRC members:** The stock exchange to 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.

## 3. Arbitration

- **Complaint to IGRC / arbitration mechanism to be the first recourse:** SEBI has clarified that 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.
- **Arbitrator can decide on the jurisdiction:** SEBI has clarified that the sole arbitrator or the panel of arbitrators, as the case may be, appointed under the stock exchange arbitration mechanism will always be deemed to have the competence to rule on its jurisdiction.
- **Limitation period:** A complainant/member, who is not satisfied with the recommendation of the IGRC, can avail the arbitration mechanism of the stock exchange for settlement of complaints within six months from the date of IGRC recommendation.

Aforementioned changes have been introduced by SEBI Circular dated November 6, 2020 ([available here](#)), effective from January 1, 2021.