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COMMUNIQUÉ TO REGISTRAR & TRANSFER AGENTS

CDSL/OPS/RTA/POLCY/2023/274 **December 21, 2023**

SEBI CIR – AMENDMENT - ONLINE RESOLUTION OF DISPUTES IN THE INDIAN SECURITIES MARKET

Issuer / RTAs are advised to refer to the SEBI Circular no. **SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/191** dated **December 20, 2023,** regarding **Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market [refer Annexure].**

Issuer / RTAs are advised to take note of the same.

Queries regarding this communiqué may be addressed to: **CDSL – Helpdesk** Emails may be sent to: helpdesk@cdslindia.com and telephone number 08069144800.

sd/-

Nilesh Shah
Asst. Vice President – Operations

KEYWORD: SEBI

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/191 **December 20, 2023**

To,

All Recognized Stock Exchanges (including Commodity Derivatives)
All Clearing Corporations
All Depositories
All Stock Brokers
All Depository Participants
All SEBI Registered Intermediaries / All SEBI Regulated Entities
All Listed Companies
All Registrar & Share Transfer Agents
All Asset Management Companies

Sir / Madam,

Subject: Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market

1. SEBI issued circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 providing the guidelines for online resolution of disputes in the Indian securities market. Amendments cum Corrigendum to the same was issued vide circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023. These regulatory norms were consolidated vide Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated August 11, 2023.

2. Pursuant to feedback received for providing clarity on certain aspects, it has been decided to modify the circular dated July 31, 2023 (as amended) as under:

   I. In clause 2 of the circular, the words and brackets "*(including institutional/corporate clients)*" are added after the words "Investors/Clients".

   II. In Clause 3(b) of the circular, the words '*independent institutional*' are added before the word 'conciliation' and the word 'online' as appears before the words 'arbitration institution in India' is substituted with the word '*independent*'.

   III. In Clause 3(b) of the circular, after the end of the existing paragraph, the following is added:

"The seat and venue of mediation, conciliation and/or arbitration shall be in India and can be conducted online.

The fees, charges and costs for the independent mediation institution or independent conciliation institution and/or independent arbitration institution (and of the mediators/conciliators/arbitrators), and other applicable costs, charges and expenses may be as prescribed by such institution/s or as agreed upon by the parties with such institution/s.

The claims / complaints / disputes that arise from the activities or roles performed or to be performed by the specified intermediaries or regulated entities pertaining to the Indian securities market are in scope of this clause[1]*.*"

IV. Clause 5 of the circular shall include the following as a footnote to 'ODR Portal':

URL - https://smartodr.in/login

V. Clause 8 of the circular shall include the following after the end of the last line: "*Entities that obtain registration from the Board as an intermediary or issuers that are getting their securities listed on or after the date of implementation of this circular, shall enrol in the ODR Portal immediately upon grant of registration or listing, as the case may be".*

VI. In Clause 13 of the circular, the following are added at the end of the line: "*or is against the Government of India / President of India or a State Government / Governor of a State*. *It is clarified that Listed companies (and their registrars and transfer agents), specified intermediaries and regulated entities specified in Schedules A and B as well as institutional or corporate clients shall initiate claims or disputes in accordance with Clause 3(a) and/or 3(b), as applicable, unless the matter is non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the insolvency process or if liquidation or winding up process has been commenced) or is against the Government of India / President of India or a State Government / Governor of a State."*

VII. In Clause 20(a) of the circular, at the end of the current paragraph, the following sentence is added: "*The nature of determination made by the conciliator is only to provide an admissible claim value of the complaint / dispute for purposes of appropriate slab for computation of fees being applied for online arbitration. Subject to the forgoing, the investor / client, the market participant and the arbitrator/s would not be bound by such determination for the making or defending or deciding the claim / complaint / dispute, as the case may be".*

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[1] *For example, non-disclosure agreements signed by specified intermediaries or regulated entities with their institutional or corporate clients for receiving confidential corporate or other information by itself would not be related to the Indian securities market. Separately, regulated entities such as Credit Rating Agencies or Debenture Trustees also undertake non-securities market related work which would be outside the scope of the clause*

VIII. In Clause 20(b) of the circular, at the end of the current paragraph, the following sentence is added: "*The Market Participant against whom the investor/client pursues the online arbitration shall participate in the arbitration process. Accordingly, within 10 days of the initiation of the online arbitration by the investor/client, the Market Participant shall make the deposit of 100% of the admissible claim value with the relevant MII and make the payment of the fees as applicable for online arbitration. Non-adherence of the foregoing by the Market Participant may result in action against the Market Participant by MIIs and/or the Board."*

IX. In Clause 20(c) of the circular, the first sentence is substituted as follows: "*In case the Market Participant wishes to pursue online arbitration (which will be administered by the ODR Institution which facilitated the conduct of conciliation), it shall intimate the ODR Institution within 10 days of the conclusion of the conciliation process of its intent to do so and within further 5 days of this intimation, shall deposit 100% of the admissible claim value with the relevant MII and make the payment of fees as applicable for online arbitration for initiating the online arbitration".*

X. In Clause 28(c) of the circular, the slab 'Above Rs. 50 lakh', stands modified as follows:

	Above Rs. 50 lakh – Rs. 1 crore
Arbitrator's Fee	*Rs. 1,20,000/-***
ODR Institution's Fees, in addition to the arbitrator's fees (to be collected by the ODR institution)	*Rs. 15,000/-*
Applicable GST, Stamp Duty, etc. on actual outgoings	

*Further, for claims of Rs. 1 crore and above, an ad valorem fees @ 1% of the claim value or Rs.1,20,000/-, whichever is more, towards Arbitrator's Fees** (to be collected by the ODR institution and paid to the arbitrator) and fees @ Rs 35,000/- towards ODR Institution's Fees, in addition to the arbitrator's fees (to be collected by the ODR institution), together with Applicable GST, Stamp Duty, etc. on actual outgoings, shall be applicable.*

XI. In Clause 28 (c) of the circular, at the end of the first paragraph appearing after the table, the following sentence is added: "*The investor may choose to initiate arbitration for a higher claim value subject to payment of applicable fees and charges"*.

XII. In Clause 28 (c) of the circular under 'Late Fee', after the last line, the following is added: "*……The concerned ODR Institution may collect this fee on behalf of the MII as per mutually agreed terms between them."*

XIII. Schedule A of the circular shall also include the following:

1 A. Banker to an Issue and Self-Certified Syndicate Banks[2]
5 A. Merchant Bankers[3]

Further, entry 2A and 10 are modified as under:
2A. *Commodities Clearing Corporation*[4]
10. Stock brokers[5] *(including Online Bond Platforms & Online Bond Platform Providers)*

XIV. Schedule B of the circular shall also include the following:

2 A. Commodities Clearing Corporations[6]
5A. ESG Ratings Providers and their clients

3. This circular shall come into force with immediate effect.

4. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is issued with the approval of the competent authority.

5. This Circular is available on the SEBI website at https://www.sebi.gov.in/ under the link "Legal > Circulars". The Master Circular for Online Dispute Resolution is available on the SEBI website at www.sebi.gov.in under the link "Legal> Master Circulars".

Yours faithfully,

S. Manjesh Roy
General Manager
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[2] *including for any claims / complaints / disputes pertaining to compensation to investors for grievance emanating from application to Public Issues using UPI payment with ASBA.*
[3] For any claims/complaints/disputes arising on account of compensation to investors for grievances emanating from application for public issues.
[4] *Including for any claims / complaints / disputes raised by investors/clients on account of Warehouse Service Providers / Vault Service Providers*
[5] *Including for any claims/compalints/disputes arising on account of Authorised Persons of the Trading Members*
[6] *For any claims / complaints / disputes arising between or amongst Warehouse Service Providers / Vault Service Providers and depositors / ginners.*