Information, Rights, Safeguards and Redressal for Investors

I. information for investors

1.Introduction

Bombay Stock Exchange Limited established in 1875 as the Native Share and Stock Brokers Association is one of the oldest stock exchanges in Asia. The Exchange not only provides an efficient market but also upholds the interests of the Investors and ensures redressal of their grievances, whether against the companies or its Member-brokers. It strives to educate and enlighten the Investors by making available to them the necessary information. The Exchange popularly known as the Bombay Stock Exchange (BSE) provides all the market related information by issuing press release and these are also available on the website (i.e. www.bseindia.com).

2.Investors Service Cell

Protecting the interest of Investors dealing in securities is one of the main objectives of the Exchange. In pursuit of this objective, an Investors Services Cell (ISC) was set up in 1986 by Bombay Stock Exchange (BSE). The grievances of Investors against listed companies and members of the Exchange are redressed by the Exchange. The Exchange also assists in arbitration process both between Members & Investors. The capital market can grow only when the Investors find it safe for them to invest in the capital market and they are assured that the rules governing the market are fair and just to all the players in the market.

With a view to ensure speedy and effective resolution of claims, differences and disputes between non-members , the Exchange has laid down a set of procedures for arbitration thereof. These procedures are duly embodied in the Rules, Bye-laws and Regulations of the Exchange, which have been duly approved by the Government of India / Securities and Exchange Board of India (SEBI).

3.Safeguards for Investors

These are some of the safe-guards that needs to be adhered to by the Investors before trading in the securities market.

1. While Selecting the Broker/ Sub-Broker

* Deal with only SEBI registered Broker / Sub-broker after due diligence. Details of List of Brokers can be procured from the Members List published by the Exchange and from the website: www.bseindia.com

2. Enter into an Agreement

* Fill in a Client registration form with Broker / Sub broker

* Enter into Broker / Sub-broker Client Agreement. This agreement is mandatory for all Investors for registering as a client of a BSE Trading Member. The Client should ensure the following before entering into an agreement:

Carefully read and understand the terms and conditions of the agreement, before executing the same on a valid stamp paper of the requisite value.

Agreement to be signed on all the pages by the Client and the Member or their representative who has the authority to sign the agreement. Agreement has also to be signed by the witnesses by giving their name and address.

3. While Transacting

* Specify to the Broker / Sub- broker, Exchange through which your trade is to be executed and maintain separate account per Exchange.

* Obtain a valid Contract Note (from Broker) / Confirmation Memo (from Sub-broker) within 24 hours of the execution of the trade.

Contract note is a confirmation of trade(s) done on a particular day for and on behalf of a client in a format prescribed by the Exchange. It establishes a legally enforceable relationship between the Member and Client in respect of settlement of trades executed on the Exchange as stated in the Contract note.

Contract notes are made in duplicate, and the Member and Client both keeps one copy each. The Client are expected to sign on the duplicate copy of the contract note for having received the original.

1. Contract Note Form A Contract Note issued where Member is acting for constituents as brokers and agents.

2. Contract Note Form B Contract note issued by Members dealing with constituents as Principals.

3. Confirmation Memo Form Confirmation Memo issued by registered Sub-brokers acting for Clients / Constituents as Sub-brokers.

* Ensure that the Contract Note / Confirmation Memo contains:

SEBI registration number of the Member/ Sub-broker.

Details of trade such as, Order no, trade no., trade time, quantity, price, brokerage, settlement number, details of other levies.

The trade price should be shown separately from the brokerage charged.

As stipulated by SEBI, the maximum brokerage that can be charged is 2.5% of the trade value. This maximum brokerage is inclusive of the brokerage charged by the sub-broker (Sub-brokerage cannot exceed 1.5% of the trade value.) Any additional charges that the member can charge are Service tax @5% of the brokerage and any penalties arising on behalf of client (Investor).

The brokerage and service tax is indicated separately in the contract note.

Signature of authorised representative.

Arbitration clause stating that the trade is subject to the jurisdiction of Mumbai must be present on the face of the Contract note.

4. Ensuring Settlement.

* Ensure delivery of securities /payment of money to the broker immediately upon getting the contract note for sale / purchase but in any case, before the prescribed pay-in-day.

* The Member should pay the money or securities to the Investor within 48 hours of the payout.

* Open Demat account.

* Preferably opt for buying and selling Demat shares.

* For delivery of shares from Demat a/c, give the Depository Participant (D P) Delivery out instructions to transfer the same from the beneficiary account to the pool account of broker through whom shares and securities have been sold.

The following details to be given to the DP: details of the pool a/c of broker to which the shares are to be transferred, details of scrip, quantity etc. As per the requirements of depositories the Delivery out Instruction should be given atleast 48 hours prior to the cut-off time for the prescribed securities pay-in.

* For receiving shares in your Demat a/c, give the Depository Participant (D P) Delivery instructions to accept shares in beneficiary account from the pool account of broker through whom shares have been purchased.

* If physical deliveries are received check the deliveries received as per Good/Bad delivery guidelines issued by SEBI.

* Bad delivery cases should be sorted out through Exchange machinery immediately.

* All registration of shares for ownership of physical shares should be executed by a valid, duly completed and stamped transfer deed.

4.Rights of Investors

1. To receive all benefits/ material information declared for the Investors by the Company.

2. Prompt Services from the Company such as transfers, Sub-divisions and consolidation of holdings in the Company.

3. Equity holders have a right to subscribe to further issue of Capital by the Company.

4. Brokerage not to exceed 2.5 per cent of the Contract Price.

5. Receipt of the Contract note from the broker in the specified format showing transaction price and brokerage separately.

6. Investors can expect delivery of shares purchased/value of shares sold within 2 days after the pay-out day.

7. Access to the Exchange arbitration facilities in case of dispute with brokers. Contact : The Investors Service Cell, The Stock Exchange, 1st Floor , Rotunda Bldg, Mumbai 400 001

8. For complaint against listed Companies/brokers contact: The Investors Service Cell, The Stock Exchange,1st Floor, Rotunda Bldg, Mumbai 400 001.

5.General Do's and Don'ts for Investors

1. Don't deal with unregistered intermediaries, as this would expose you to counter party risk.

2. Give clear and unambiguous instructions to your Broker / Sub-broker.

3. Keep a record of all instructions issued to the Broker / Sub-broker.

4. Confirm with your Broker / Sub-broker whether delivery is in physical or Demat form before selling shares.

5. Don't fall prey to promises of unrealistic high returns.

6. Don't indulge in speculative trading, go by fundamentals.

7. Trade within your predetermined limits.

8. Use the Investors Grievance Redressal system of the Exchanges to redress your grievances if any.

9. Understand the working of the Investor Service Cell for complaint against listed companies / Brokers.

10. You can trade on your own through Internet based trading by registering with a Broker.

6.Process of solving investors grievances

BSE has established a full-fledged Investors Services Cell (ISC) to redress Investors grievances. Since its establishment in 1986, the Cell has played a pivotal role in enhancing and maintaining Investors faith and confidence by resolving their grievances either against listed companies or against Members of the Exchange. The services offered by the ISC are as under :

Investors grievances against Listed Companies

ISC forwards the Complaints to the respective company and directs them to solve the matter within 15 days. In spite of the above efforts, if the company fails to resolve the Investors Complaints and the total no. of pending complaints against the company exceed 25 and if these complaints are pending for more than 45 days , after issue of show cause notice for 7 days the Scrip of the company is suspended from trading till grievances are resolved. ISC also transfers such Scrips to category for non-resolution of Investors Complaints.

ISC takes many other pro-active measures to resolve the Investors grievance such as:

Calling the Company representative to the Exchange to interact with Investors / Members to resolve the complaints.

Calling major Registrar & Transfer agent to the Exchange to interact and resolve the grievances of the Investors and Members of the Exchange.

Issuing monthly press release listing top 25 companies against whom maximum complaints

are pending for resolution. The same is also released on the website of the Exchange.

Pursuing Mumbai based companies to depute their representative to the Exchange to take the pending list of complaints & resolve the same immediately.

Investors' grievances against Members

The nature of complaints received by the Exchange can be broadly classified into the following categories:

* Non-receipt of delivery of shares/ Non removal of objection/Non-receipt of sale proceeds of shares/ Non-receipt of dividend/ Non-receipt of Rights, Bonus shares

* Disputes regarding Rate Difference

* Disputes relating to non-settlement of Accounts

* Miscellaneous Items

The complaints are forwarded to the concerned members to reply /settle the complaints within 7days from the receipt of the letter. If no reply is received or reply received is not satisfactory, the matter is placed before the IGRC (Investorâ€™s Grievance Redressal Committee) headed by Retd. High court Judge. IGRC is constituted by the Governing Board to resolve the Complaints of non-members against Members through the process of reconciliation. The parties are heard and the matter is tried to be solved amicably or it is referred for Arbitration under the Rules, Bye-laws & Regulations of the Exchange.

7.Arbitration

The Investors complaints referred by IGRC can be against the (i) active members of the Exchange as well as the (ii) defaulter-members of the Exchange. The process of solving the Investors complaints through the arbitration procedure are as mentioned below:

Arbitration Procedure

For the purpose of resolution of grievances between Investors and Member-brokers, the Exchange has constituted an Arbitration Committee with the approval of SEBI.

The non-member arbitration panel consists of retired High Court and City Civil Court judges, Chartered Accountants, Company Secretaries, Solicitors and other professionals having in-depth knowledge of the capital market.

On receiving the direction for arbitration from the IGRC, the complainant (applicant) files relevant supporting documents for arbitration. A set of the arbitration documents is sent to the other party (respondent) for giving his counter reply.

After completion of the formalities, the matter is fixed for hearing before arbitrators. For claims less than Rs.10 lakhs, the applicant has/have to propose the name of three arbitrators and the respondent(s) has/have to consent on the name of one of the arbitrators. In case the respondent(s) does/do not consent on the arbitrator, the exchange appoints the arbitrator to adjudicate the matter. For claims above Rs.10 lakhs, a panel of three arbitrators, one each to be appointed by the applicant(s) and respondent(s) and the presiding arbitrator has to be appointed by the exchange to adjudicate the matter.

The date for hearing is fixed and the concerned parties are informed about the date through notices. After hearing both the parties and taking the submissions and the documents

on record, the arbitrator(s) close the reference and the award (decision) is given.

Appeal

If the applicant is not satisfied with the award he can appeal against the same in the Exchange within 15 days of the receipt of the award. The appeal bench of five arbitrators hears the matter and gives the award.

However, the aggrieved party has to deposit the awarded amount given by the Arbitral Tribunal with the Exchange unless and until the appeal bench exempts it partly or wholly.

If the award is in favour of the applicant, the active member has to abide by the decision. If he fails to abide by the award, the Disciplinary Action Committee (DAC) takes necessary action against him. The award becomes a decree after three months from the date on which it is given and can be executed as a court decree through a competent court of jurisdiction. The same can be challenged only in the High Court of Judicature, Mumbai.

Arbitration Procedure against Defaulter Member of the Exchange

Any complaint against defaulter Members of the Exchange can directly be filed in arbitration. However the same has to be filed within 6 months from the date of declaring the Member as defaulter by the Exchange. The rest of the process is the same as above.

An award obtained against a defaulter member are scrutinized by the Defaulters committee (DC), a standing committee constituted by the Exchange, to ascertain their genuineness, etc. The awarded amount or Rs.10 lakhs whichever is lower is paid from the Customers Protection Fund (CPF). After the approval of the DC & Trustee of CPF, the amount is distributed to the clients who have obtained the award against defaulter member.

8.Investors or Customers Protection Fund

BSE is the first Exchange to have set up the 'Stock Exchange Customers Protection Fund in the interest of the customer's of the defaulter members of the Exchange. This fund was set up on 10th July, 1986 and has been registered with the Charity Commissioner, Government of Maharashtra as a Charitable Fund. BSE is the only Exchange in India, which offers the highest compensation of Rs.10 lakhs in respect of the approved claims of any Investor against the defaulter members of the Exchange.

The members at present contribute contribute Rs.1.50 per Rs.10 lakhs of turnover. The Stock Exchange contributes 2.5% of the listing fees collected by it. Also the entire interest earned by the Exchange on 1% security deposit kept by with it by the companies making public / rights issues is credited to the Fund.

9.Trade Guarantee Fund

In order to introduce a system of guaranteeing settlement of trades and ensure that market equilibrium is maintained in case of payment default by the Members the Trade Guarantee Fund was constituted and it came into force with effect from May 12, 1997. The main objectives of the fund are as given below:

1. To guarantee settlement of bonafide transactions of members of the Exchange inter se which form part of the Stock Exchange settlement system, so as to ensure timely completion of settlements of contracts and thereby protect the interest of Investors and the Members of the Exchange.

2. To inculcate confidence in the minds of secondary market participants generally and global Investors, particularly to attract larger number of domestic and international players in the capital market.

3. To protect the interest of Investors and to promote the development of and regulation of the secondary market.

The Fund is managed by the Defaulters Committee, which is a standing Committee constituted by the Exchange, the constitution of which is approved by SEBI.

—

II. Rights of Investors

1. To receive material information from the company

2. Prompt services from company such as transfers, sub-divisions and consolidations of holdings in the company.

3. Equity holders have a right to subscribe to further issues of capital by the company.

4. Brokerage not to exceed 2.5 percent of the contract price.

5. Receipt of the contract note from the broker in the specified format showing transaction price and brokerage separately.

6. Investors can expect delivery of shares purchased / value of shares sold within 15 days from the end of settlement period.

7. Access to the Exchange arbitration facilities in case of dispute with broker.

8. For complaints against listed companies / brokers contact Investor Service Cell, Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Fort , Mumbai 400 001.

III. Safeguards For Investors

The Stock Exchange Mumbai is one of the oldest stock exchanges in Asia which was founded in 1875. The Exchange not only provides an efficient market but also upholds the interests of the investors and ensures redressal of their grievances, whether against the companies or its member-brokers. It strives to educate and enlighten the investors by making available to them the necessary information transparently and promptly. Protecting the interest of investors dealing in securities is one of the main objectives of the Exchange. In pursuit of this objective the Bombay Stock Exchange (BSE) has issued the general safeguards that the investors have to follow while dealing in securities.

While Selecting The Broker/ Sub-broker

Enter Into An Agreement

While Transacting

Ensuring Settlement

General Do's And Don'ts For Investors

WHILE SELECTING THE BROKER/ SUB-BROKER

* Deal with only SEBI registered Broker / Sub-broker after due diligence. Details of List of Brokers can be procured from the Member's List published by the Exchange and from the website : www.bseindia.com

ENTER INTO AN AGREEMENT.

* Enter into Broker / Sub-broker - Client Agreement.

* File a Client registration form with Broker / Sub - broker - Annexure A

WHILE TRANSACTING.

* Specify to the Broker / Sub-broker, Exchange through which your trade is to be executed and maintain separate account per Exchange.

* Obtain a valid Contract Note (from Broker) / Confirmation Memo (from Sub-broker) within 24 hours of the execution of the trade.

o Contract Note - Form 'A' - Contract Note issued where Member is acting for constituents as brokers and agents.- Annexure B

o Contract Note - Form 'B' - Contract note issued by Members dealing with constituents as Principals. - Annexure C

o Confirmation Memo - Form 'C' - Confirmation Memo issued by Sub-brokers acting for clients / constituents as Sub-brokers. - Annexure D

* Ensure that the Contract Note / Confirmation Memo contains Order no., trade no., trade time, quantity, price, brokerage and it is signed by authorised persons.

ENSURING SETTLEMENT.

* Ensure delivery of shares in respect of purchase and receipt of payment on sale of shares within two working days of pay-out.

* Exchange issues Press Release immediately after pay-out.

* Preferably opt for buying and selling Demat shares.

* Open Demat account.

* Have shares transferred from the brokers pool account to your account immediately after the pay-out.

* If physical deliveries are received - check the deliveries received as per Good/Bad delivery guidelines issued by SEBI.

* All registration of shares for ownership of physical shares should be executed by a valid, duly completed and stamped transfer deed.

* Bad delivery cases should be sorted out through Exchange machinery immediately.

GENERAL DO'S AND DON'TS FOR INVESTORS

* Don't deal with unregistered intermediaries, as this would expose you to counter party risk.

* Give clear and unambiguous instructions to your Broker / Sub-broker.

* Keep a record of all instructions issued to the Broker / Sub-broker.

* Confirm with your Broker / Sub-broker whether delivery is in physical or Demat form before selling shares.

* Don't fall prey to promises of unrealistic high returns.

* Don't indulge in speculative trading, go by fundamentals.

* Trade within your predetermined limits.

* Use the investor Grievance Redressal system of the Exchanges to redress your grievances if any.

* Understand the working of the Investor Service Cell for complaint against listed companies / Brokers.

* The Customer Protection Fund of Exchange compensates upto Rs.10 Lakhs per investor against possible Broker default.

* You can trade on your own through Internet based trading by registering with a Broker.

IV.REDRESSAL OF INVESTORS GRIEVANCES

AND ARBITRATION PROCEDURE

The grievances of investors against listed companies and members of the Exchange are redressed by the Exchange. The Exchange also assists in arbitration process both between members & investors and members inter-se.

Investors. grievances against companies.

Investors. grievances against member-brokers of the Exchange.

Complaints of members inter-se.

Resolution of complaints through arbitration.

* Arbitration between members inter-se.
    - o Arbitration Committee
    - o Lower Bench Arbitration
    - o Full Bench Arbitration
    - o Appeal before the Governing Board
    - o Patawat Arbitration
* Arbitration between non-members and members and vice-versa.

(a) Investors. grievances against companies.

The investors' complaints against the companies are forwarded by the Exchange to the concerned companies and a copy of the letter sent to the company is also forwarded to the complainant. He is advised to intimate the Exchange if his complaint is not resolved within 45 days. If a company fails to redress the complaint within 45 days, a reminder is sent. If a company still fails to respond to a large number of complaints pending against it, then a consolidated list of complaints is sent to it to resolve the same within 30 days. Inspite of the above efforts, if the complaints are not resolved, the company officials are asked to appear before the Investors' Grievance Redressal Committee (IGRC) appointed by the Governing Board of the Exchange to resolve all the investors grievances. This Committee consists of five members including a retired judge of Mumbai High Court. The company officials are impressed by the committee members to resolve all the pending grievances immediately. Through the above process, Investors' Service Cell was able to reduce the pending complaints considerably in the last two years. Inspite of these efforts, if the company fails to resolve complaints, then the scrip is likely to be to be shifted to "Z" group. A "Z" category company means that it has not complied with various provisions of listing agreement including non-resolution of investors' complaints. Through creation of "Z' category, the Exchange cautions investors to be more careful in their investments in scrips of such companies. Further, if a company fails to resolve investors' grievances, the Exchange may suspend trading in the scrip.

(b) Investors. grievances against member-brokers of the Exchange.

The Exchange handles complaints of investors against members and vice-versa. The complaints of investors are forwarded by the Exchange to the concerned members to settle within 7 days

from the receipt of the letter. In case no reply is received from a member, a reminder is sent and the member is informed that if he does not reply/resolve the complaint immediately, a fine of Rs.500/- is levied on him. He is also directed to settle the matter expeditiously. In order to resolve the complaints expeditiously the matter is placed before the IGRC wherein both the investors and members present their case. After hearing both the parties, the Committee gives a decision which is binding on both the parties. In case a member fails to implement the decision of the IGRC, then the matter is referred to the Executive Director for taking disciplinary action against the member which includes referring the matter to the Disciplinary Action Committee.

(c) Complaints of members inter-se.

The complaints of members against other members of the Exchange generally pertain to:

i) settlement objections;

ii) Bad delivery of securities;

iii) Auctions, Re-auctions, Spot transactions, Call / Dividend adjustments, etc.; and

iv) Non-implementation of arbitration awards.

Members are required to lodge complaints against other members in the prescribed format in duplicate along with the necessary proof in support of the same. The complaints are then forwarded to the concerned respondent members asking them to either resolve the same under advice to the Exchange or offer their comments/explanation thereon within three days of the receipt of the same. In order to resolve the complaints of members interset a Brokers. Consultative Committee was appointed by the Governing Board. This Committee consists of five members of the Exchange. Whenever the complaints are received, the same are immediately put before the Committee. The Committee gives an award after hearing both the parties and if a party fails to implement the award then a show cause notice is issued to it. Inspite of this, if a member does not implement the award, then the Investors. Service Cell directly debits valan account of the member in the Clearing House and credits the other member. s account. As a result of the above, the number of pending complaints of members interse has been considerably reduced.

(d) Resolution of complaints through arbitration.

With a view to ensuring speedy and effective resolution of claims, differences and disputes between non-members and members and members inter-se, the Exchange has laid down a set of procedures for arbitration thereof. These procedures are duly embodied in the Rules, Bye-laws and Regulations of the Exchange, which have been duly approved by the Government of India/SEBI, under the Securities Contracts (Regulation) Act, 1956.

Under the Rules, Bye-laws and Regulations of the Exchange, an in-house arbitration machinery has been provided to decide on :

* dispute between members inter-se; and

* dispute between non-members (clients/investors) and members of the Exchange.

All contracts of sale and purchase of securities entered into on the trading platform of the Exchange are subject to Mumbai jurisdiction and any disputes arising in respect of such contracts are necessarily required to be submitted for arbitration. However, complaints from non-members (clients/investors) against members and complaints of members inter-se are in the first case generally investigated by the Exchange. For the purpose of investigation, documentary proof like contract notes, bills, statement of accounts and

relevant documentary proof are called for from the parties. If required, personal meetings of the parties are also arranged in cases where issues to be resolved are of a complicated nature. As a last resort, where there are claims and counter-claims and the matter cannot be easily resolved by the intervention of the Exchange officials, the parties are advised to file an arbitration reference. The Exchange has amended the Bye-laws relating to arbitration between members with effect from 29th August, 1998 after getting the approval from SEBI.

1. Arbitration between members inter-se.

Arbitration Committee :

The provisions relating to Arbitration Committee which deals with arbitration between members inter-se are laid down in the Bye-laws Nos.282 to 315 of the Rules, Bye-laws and Regulations of the Exchange.

A three tier arbitration machinery has been provided in the Exchange to decide on disputes between members. All claims, complaints, differences and disputes between members arising out of or in relation to any bargains, dealings, transactions or contracts are subject to arbitration and are referred to the Arbitration Committee. The Arbitration Committee is appointed by the Governing Board every year. For the year 2000-2001, the Governing Board has appointed 23 members of the Exchange as members of the Arbitration Committee.

Lower Bench Arbitration :

A Committee of three arbitrators from the Arbitration Committee is constituted by the Secretary of the Arbitration Committee to look into such disputes if the value of the claim exceeds Rs. 25,000, while only one arbitrator will hear the dispute if value is less than Rs. 25,000. A member filing an arbitration reference is required to attach a coupon of Rs.100/- along with his arbitration application. Both the applicant and the respondent or their authorised representatives are required to be present in the arbitration meetings. After hearing the parties, the arbitrators give the award.

Full Bench Arbitration :

An aggrieved member, who is not satisfied with the award of the Lower Bench Arbitration Committee, may file an appeal before the Full Bench of the Arbitration Committee within seven days from the date of receipt of the award by him provided the sum involved in the award is not less than Rs.50,000/-. The member who desires to file an appeal before the full bench of the Arbitration Committee is also required to deposit the amount of the award or shares as stated in the Lower Bench award with the Exchange along with a fee of Rs.500/-. The deposit amount/shares are retained with the Exchange until the case is decided by the Full Bench. In the Full Bench Arbitration meetings, all the members of the Arbitration Committee decide the case of appeal against the award of the Lower Bench.

Appeal before the Governing Board :

A member who is not satisfied with the award of the Full Bench Arbitration Committee may prefer an appeal before the Governing Board provided the amount of the award of the Full Bench Arbitration Committee is not less than Rs.1,00,000/-. An appeal should be filed within seven days from the date of the award of the Full Bench Arbitration Committee by paying a fee of Rs.700/- and also by depositing the award amount/shares as stated in the award with the Stock Exchange. The Governing Board is the final appellate authority in the case of arbitration between members. Beyond this level there is normally no appeal provision but in exceptional situations the Governing Board may permit a member to make a further appeal to a Court of Law.

Patawat Arbitration :

In addition to the three tier arbitration machinery as stated above, "Patawat Arbitration", i.e., disputes arising out of physical delivery of securities, is held after every settlement (Patawat). In this arbitration, all the members of the Arbitration Committee participate and award "Chukadas" (awards) on the objection memos indicating whether documents delivered are "in order" or "not in order". The members/their representatives obtain the "Chukadas" in the Patawat Arbitration sessions. The member is required to affix a coupon of Rs.50/- on the objection memo, stating the nature of the objection as per the "Uniform norms for Good/ Bad delivery" guidelines standardized by SEBI across the Stock Exchanges while obtaining the award.

2. Arbitration between non-members and members and vice-versa.

Bye-laws Nos. 248 to 281 of the Rules, Bye-laws and Regulations of the Exchange deal with the procedure regarding arbitration between non-members (clients/investors) and members of the Exchange. At present members of the Exchange as well as outsiders act as arbitrators in the disputes and claims filed by the non-members against members of the Exchange and vice-versa. The Exchange has since appointed a panel of 24 outside arbitrators consisting of retired Judges, Chartered Accountants and other persons from the financial field in addition to 16 members of the Exchange. This is pursuant to instructions from SEBI to reconstitute the Arbitration Committee comprising of 40% of the members of the Exchange and 60% outsiders, i.e., those who are not members of the Exchange.

The Exchange has recently amended Bye-laws relating to Client v/s. Member arbitration in conjunction with Arbitration and Conciliation Act, 1996, passed by the Government of India. This has become effective from 29th August, 1998. Under the new amended bye-laws there is a panel of three arbitrators, one appointed by the applicant, one by the respondent and the third by the Exchange. In case the value of the disputed claim is less than Rs. 1 lakh, then only one arbitrator is appointed and if the value is greater than Rs. 1 lakh, then there are three arbitrators for the case. Under the new amended bye-law after getting the arbitration award, the aggrieved party can appeal to the arbitration tribunal for any typographical/computational error, if any, occurred in the award within fifteen days from the receipt of the award. In the amended Bye-law which provides for an appeal whereby the aggrieved party within fifteen days of the receipt of the award can file to the arbitration tribunal for re-hearing the whole case. On receipt of the appeal, the Exchange appoints an appeal bench consisting of five arbitrators who re-hear the case and then give the decision. The judgment of the appeal bench is by a majority decision and binding on both the parties. The final award of the bench is enforceable as if it were the decree of the Court. Bye-laws of the Exchange provide that all arbitration references be closed normally, within a period of four months.