



CIRCULAR

CIR/MRD/ICC/29/2013

26.09.2013

**The Managing Director/Executive Director,
All Stock Exchanges.**

Dear Madam/Sir,

Subject: Arbitration Mechanism in Stock Exchanges

1. Reference may be made to circular no. CIR/MRD/DSA/29/2010 dated August 31,2010 and MRD/DoP/SE/Cir-38/2004 dated October 28, 2004. Para 7.4 of the said circular no. CIR/MRD/DSA/29/2010 dated August 31,2010 is being modified.
2. The para 7.4 of aforementioned circular no. CIR/MRD/DSA/29/2010 dated August 31, 2010 currently reads as follows:

" 7.4 A party filing an appeal before the appellate panel [as mentioned under item 6 above] shall pay a fee not exceeding Rs. 30,000,as may be prescribed by the stock exchange, in addition to statutory dues (stamp duty, service tax, etc) along with the appeal."

3. With a view to unburden the investors from the cost of arbitration mechanism aforementioned para is being revised. Para 7.4 of the aforementioned circular shall now read as under:

" 7.4 A party filing an appeal before the appellate panel [as mentioned under item 6 above] shall pay a fee not exceeding Rs. 30,000,as may be prescribed by the stock exchange, in addition to statutory dues (stamp duty, service tax, etc) along with the appeal. In case the party filing the appeal is a client having claim/counterclaim of upto Rs. 10 lakh, then the party shall pay a fee not exceeding Rs. 10,000/- .

Further expenses thus arising shall be borne by the Stock Exchanges and the Investor Protection Fund of Stock Exchanges equally.

4. 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. take steps to make the investors aware of the scheme.
 - d. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.
5. 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 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.
6. This Circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,
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Copy to: All SEBI recognized Investor Associations