



CIRCULAR

CIR/MRD/DP/28/2014

September 29, 2014

To,

All Stock Exchanges

Dear Sir / Madam,

Sub: Modification to Investor Protection Fund (IPF) / Customer Protection Fund (CPF) Guidelines

1. SEBI vide Circular No. MRD/DoP/SE/Cir-38/2004 dated October 28, 2004 prescribed the Comprehensive Guidelines for Investor Protection Fund (IPF) / Customer Protection Fund (CPF) at Stock Exchanges. Subsequently SEBI vide Circular No. MRD/DoP/SE/Cir-21/2006 dated December 14, 2006 and Circular No. CIR/MRD/DP/06/2011 dated June 16, 2011, modified the above guidelines.
2. Based on the representations received from the stock exchanges and recommendations of the Secondary Market Advisory Committee (SMAC), it has been decided to modify certain clauses in the aforesaid guidelines:
 - a) Clause 13 shall be substituted with the following -
 - 13.** If any eligible claim arises within three years from the date of expiry of the specified period, such claim
 - i. shall be considered eligible for compensation from IPF/CPF in case where the defaulter member's funds are inadequate. In such cases, IPF/CPF Trust shall satisfy itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
 - ii. shall not be considered eligible for compensation from IPF/CPF in case where the surplus funds of the defaulter member is returned to the defaulter member. The same shall be borne by the stock exchange after scrutinizing and satisfying itself that such claim could not have



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been filed during the specified period for reasons beyond the control of the claimant.

Provided that any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.

b) Following para shall be inserted under clause 24 -

"Provided further that in cases where any litigations are pending against the defaulter member, the residual amount, if any, may be retained by the stock exchange until such litigations are concluded."

3. Exchanges are advised to

- a) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- b) bring the provisions of this Circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
- c) communicate the status of the implementation of this Circular in the Monthly Development Report to SEBI.

4. This circular is being 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.

Yours faithfully,

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