



भारतीय प्रतिभूती और विनिमय बोर्ड  
Securities and Exchange Board of India

CIRCULAR

CIR/CDMRD/DIECE/02/2015

November 16, 2015

To

The Managing Directors / Chief Executive Officers  
All National Commodity Derivatives Exchanges

Sir/Madam,

**Sub: Investor Grievance Redressal System and Arbitration Mechanism**

1. Pursuant to Section 131 of the Finance Act, 2015 and Central Government notification F.No. 1/9/SM/2015 dated August 28, 2015, all recognized associations under the Forward Contracts (Regulation) Act, 1952 are deemed to be recognized stock exchanges under the Securities Contracts (Regulation) Act, 1956 with effect from September 28, 2015. This circular applies to National Commodity Derivatives Exchanges as defined in the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2015
2. This circular is issued with an objective to streamline and strengthen the framework of investor redressal and arbitration mechanism at commodity derivatives exchanges in line with the securities market. The provisions of this circulars are as under :
  - A. **Investor Service Centre(ISC)/ Investor Grievances Redressal Committee (IGRC) :**
    - i. The national commodity derivative exchanges shall set up investor service centers (ISC) for the benefit of the public/ investors in accordance with the circular CIR/MRD/DSA/03/2012 dated January 20, 2012.
    - ii. The national commodity derivatives exchanges shall constitute IGRC in accordance with the SEBI circular no CIR/MRD/DSA/03/2012 dated January 20, 2012 and shall perform all such functions and responsibilities as stated in the SEBI circular no CIR/MRD/ICC/30/2013 dated September 26, 2013.



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**B. Arbitration Committee / Panel and Appellate Arbitration:**

- i. The national commodity derivatives exchanges shall maintain panel of arbitrators, code of conduct for arbitrators, arbitration process, appellate arbitration, place of arbitration (nearest address provided by the client in the KYC form), implementation of arbitration award in favour of clients, records and disclosures as per the provisions of SEBI Circulars no CIR/MRD/DSA/24/2010 dated August 11, 2010, CIR/MRD/DSA/04/2012 dated January 20, 2012 and CIR/MRD/ICC/20/2013 dated July 05, 2013.
- ii. The national commodity derivatives exchanges shall make applicable the arbitration fees to each parties to the arbitration in accordance with the SEBI Circular No CIR/MRD/DSA/29/2010 dated August 31, 2010 read with CIR/MRD/ICC/29/2012 dated November 07, 2012 and CIR/MRD/ICC/29/2013 dated September 26, 2013.

**C. Automatic Process and Common Pool of arbitrators :**

- i. The national commodity derivatives exchanges shall pool all arbitrators of their exchange in the common pool across all national commodity derivatives exchanges, facilitate automatic selection of arbitrators from the common pool and shall also follow all other provisions mentioned in the SEBI Circular CIR/MRD/ICC/8/2013 dated March 18, 2013
3. All the provisions of this circular shall be implemented by national commodity derivatives exchanges latest by April 1, 2016, unless otherwise approved by SEBI.
  4. The norms specified by Forward Markets Commission shall continue to be in force to the extent not modified or repealed by this circular.
  5. The implementation of this circular should be reported by the national commodity derivatives exchange to SEBI on monthly basis.
  6. The national commodity derivatives exchanges are advised to:-
    - make necessary amendments to relevant bye-laws for the implementation of this circular
    - bring the provisions of this circular to the notice of the members of the commodity derivatives exchanges and also to disseminate the same through their website
    - take necessary steps to make investors aware of the grievances redressal mechanism and arbitration process.
    - communicate SEBI, the status of implementation of the provisions of this circular



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7. The circular is issued in exercise of the 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.
8. The circular is available on SEBI website at i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**B J DILIP**  
**GENERAL MANAGER**  
**Division of Inspection and Complaints against Exchanges**  
**Commodity Derivatives Market Regulation Department**  
**[dilipbj@sebi.gov.in](mailto:dilipbj@sebi.gov.in)**