

Online Resolution of Disputes in the Indian Securities Market

August 11, 2023

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Online Dispute Resolution (ODR) is a method of resolving disputes using technology. It offers a cost-effective way for both parties and neutral parties to find a resolution. SEBI has established an **Online Dispute Resolution (ODR) Portal** for resolving disputes in the Indian Securities Market, as per its Master Circular dated 31.07.2023 (updated as on 04.08.2023) The Online Dispute Resolution Portal will utilize online conciliation and online arbitration to facilitate the resolution of disputes

Disputes under the ambit of ODR

- 1** Disputes between Investors/Clients and Listed companies (including their registrar and share transfer agents);
- 2** Disputes between Investors/Clients and any of the specified intermediaries/regulated entities in securities market (Intermediaries/ Regulated entities are specified in Schedule A of the circular);
- 3** Disputes between Institutional or corporate clients and specified intermediaries/ regulated entities in securities market (Disputants are specified in Schedule B of the circular).

Implementation of the common Online Dispute Resolution Portal

1

- ✓ The Market Infrastructure Institutions (MIIs) [Stock Exchanges and Depositories] shall establish and operate a common "ODR Portal".
- ✓ The MIIs shall enter into an agreement amongst themselves for the establishment and functioning of such portal.

2

- ✓ Every MII will select and appoint one or more independent ODR Institutions having qualified arbitrators and conciliators.
- ✓ These institutions shall conduct online conciliation and/or arbitration within specified timeframes using online audio-video technologies.

3

All MIIs are required to grant access of the ODR portal to all persons covered under the ambit of ODR, for resolving their disputes.

4

- ✓ All listed companies, specified intermediaries, and regulated entities in the securities market (collectively referred to as Market Participants), are required to register on the ODR Portal.
- ✓ Such registrations can be made by utilizing the credentials of SEBI SCORES portal or SEBI Intermediary portal.

5

MIIs and the ODR Institutions empaneled by the MIIs, shall maintain Management Information Systems (MIS) reports, which shall be shared with the concerned Market Participant so the latter can adequately track timelines of any dispute

Initiation of the dispute resolution process

1

Complaint by Investor/client against Market Participants shall be lodged as follows:

Directly filed with MP >> If not satisfied, then escalate through Scores Portal >>If not satisfied through SCORES Portal, then file lastly at ODR Portal

2

Alternatively, the investor/client can directly use the ODR Portal to initiate dispute resolution if grievance mentioned above is not satisfactorily resolved at any stage

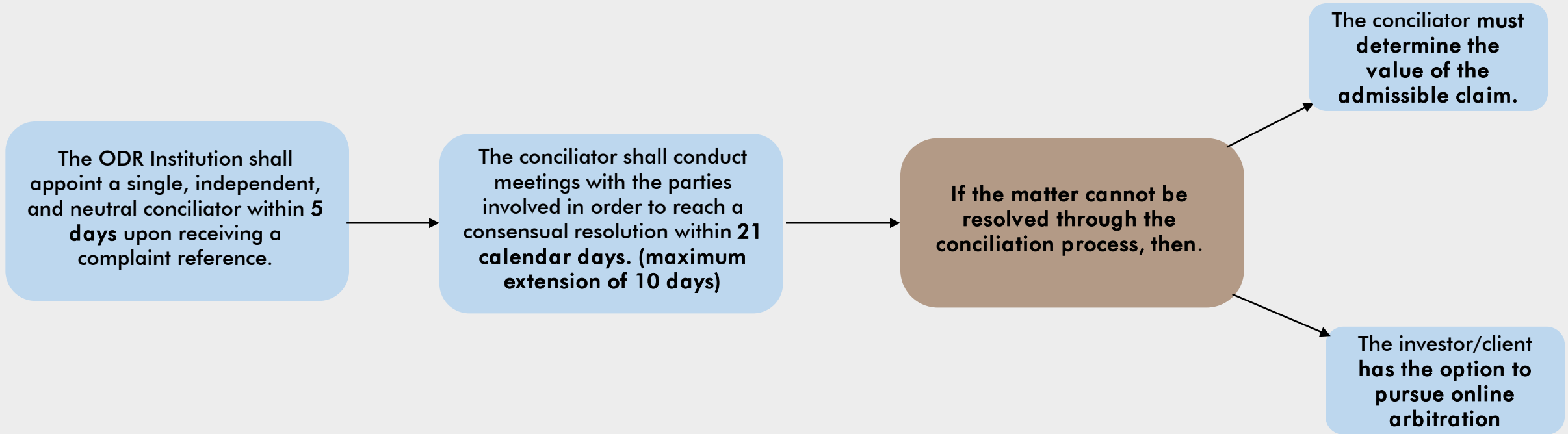
3

The Market Participant can also use the ODR Portal to initiate dispute resolution, after giving the investor/client at least 15 calendar days

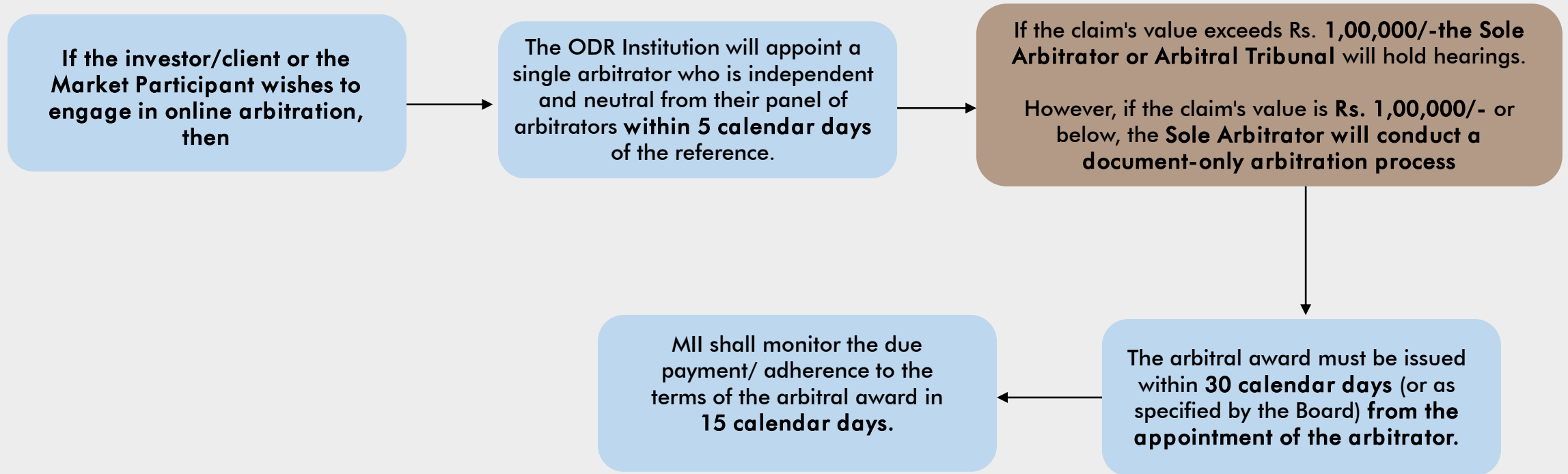
Note - The initiation of the dispute resolution process through the **ODR Portal** is possible as long as it is within the applicable statute of limitations, and it is not being examined under **SCORES guidelines** or not pending before any court

SOURCE : SEBI CIRCULAR - SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145

Conciliation



SOURCE : SEBI CIRCULAR - SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145

Arbitration**Note-**

- ✓ If the total amount of the claim and/or counter-claim exceeds **Rs 30,00,000/- (Rupees Thirty Lakhs)** or any other amount determined by the Board periodically, the issue will be escalated to an Arbitral Tribunal comprising of three Arbitrators
- ✓ In order to challenge the arbitral award, the Market Participant is required to submit **100%** of the amounts stated in the award to the relevant **MII before commencing the challenge process**

SOURCE : SEBI CIRCULAR - SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145

Roles and Responsibilities of Market Participants

1

All Market Participants are required to enroll on the **ODR Portal** within the specified timelines.

2

All agreements, contracts, or relationships between Market Participants and investors/clients in the Indian Securities market, whether existing or future, will be amended or deemed to include a provision requiring online conciliation and/or online arbitration **through participation in the ODR Portal**. This is in accordance with the specified dispute resolution process outlined in this Circular.

3

The communications with investors/clients should clearly state that the **SCORES portal and the ODR Portal** are available for their use in case they are unsatisfied with the response (or lack thereof) from the Market Participant

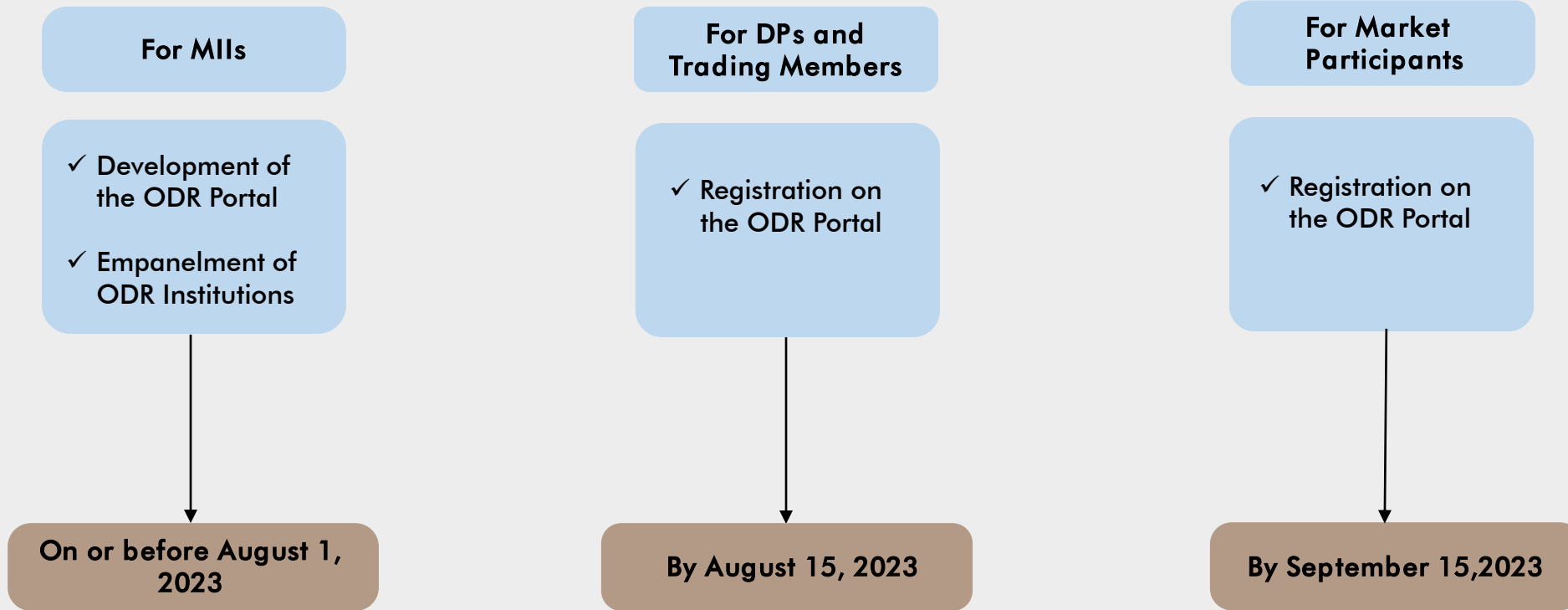
4

All market participants and MIs are advised to display a link to the **ODR Portal** on the home page of their websites and mobile apps.

5

The Market Participants are directed to bring the provisions of **this circular to the notice of the investors/clients and also to disseminate the same on their website.**

Timelines for Implementation



Note-

The new ODR Framework will enhance transparency, fairness, and impartiality while rendering decisions, fostering trust in the dispute resolution process

SOURCE : SEBI CIRCULAR - SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145