

# **INVESTOR GRIEVANCE POLICY**

**ADOPTED BY**

**MAJORTREND CAPITAL PRIVATE LIMITED**

**( Earlier Known as Majortrend Shares & Stock Brokers Pvt. Ltd.)**

**MEMBER – NSE / BSE**

**CASH AND FNO**



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The broker is the first point of Investor Grievance mechanism. The bye-laws provide that the investor should bring his dispute to the notice of the broker within six months from the date of transaction. The Bombay Stock Exchange, Mumbai, has established an Investor Grievance Redressal Committee (IGRC), which, upon receipt of a complaint from the investor, seeks explanation from the member within a certain period. The IGRC is a conciliatory committee, chaired by a retired High Court judge, that tries to bring about an amicable settlement. If this is not possible, then the parties are advised to go in for arbitration proceedings. The IGRC looks into the following complaints:

- Non-receipt of shares/ sale proceeds of shares.
- Non-settlement of accounts.
- Disputes regarding rate difference.
- Non-implementation of arbitration awards.

The conciliatory proceedings are not part of the byelaws. However, certain penalties are imposed on brokers for failure to appear before or fulfill commitments due to the committee. If the conciliatory proceedings fail, the investor has to file arbitration with the stock exchange.

This is a quasi-judicial mechanism, with a panel of arbitrators, consisting of retired High Court judges, and professionals, such as solicitors, chartered accountants, company secretaries, and others with a knowledge of the capital markets. The panel is constituted every year and approved by SEBI. Disputes against members of the Stock Exchange, Mumbai, and registered sub-brokers can be referred to arbitration:

The claimant has to bring the dispute to the member's notice in a written communication within six months from the date of claim.

The NSE byelaws, on the other hand, state that the claim should be submitted to the arbitration within six months from the date on which it has arisen. For operational convenience, the date of transaction under dispute is taken for the purpose of calculating the time limit. The Stock Exchange, Mumbai, states that the complaint against the broker first be made to the IGRC, before accepting an arbitration application. A majority of the disputes get resolved at the IGRC level itself and investors are spared the lengthy arbitration process.

The Stock Exchange, Mumbai, provides for an appeal bench, which is the second-tier arbitration mechanism. The party which is not satisfied with the award can refer it to an appeal bench *within 15 days of its receipt and deposit the full and final amount with the exchange.* The bench, in exceptional cases, grants exemption against such deposits. SEBI has advised the Stock Exchanges to debit the amount of arbitration award in favour of the client against the member of the exchange from the security deposit or any other monies of the concerned members and keep the same in a separate account. The awards passed by the appeal bench are appealable in the High Court under Section 34 of the Arbitration and Conciliation Act, 1996. *The appeal has to be filed within 90 days of the award.*

There is a limitation clause in the Byelaws for filing claims against defaulter members. The rules provide that the arbitrators will entertain no claim against a defaulting member after the expiry of six months from the date a member is declared a defaulter.

The Stock Exchanges have set up customer protection funds, which disburse award



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amounts of up to Rs 10 lacs against a defaulter member. The Investor Protection Fund is administered by the defaulters committee of the exchange and it has the sole discretion to honor various awards. The awards, which are for non-payment of shares sold and for non-receipt of shares purchased, are only entertained by this committee. Therefore, all claims for profits or losses arising out of share market transactions are not honoured by the committee. The committee also does not honour amounts advanced to brokers by way of loans.

Systemic improvements in the market such as online trading, depositories and improvement in compliance levels have considerably reduced the number of disputes between clients and brokers. Enhanced margining systems have made the markets safer and defaults are few and far between. Yet, if you are in a sticky situation, do not delay in informing the authorities. Ensure that the purchases you paid for are credited to your demat account and cash on sales made is received on time. You discharge your obligations, the system is in place to take care of all the disputes.

In case there is a grievance set up by the investor the following steps will be taken to ensure that they are properly addressed.

1. Name of the client with all the account details should be disclosed
2. Nature of grievance/ dispute with broker
3. Once dispute is noted, whether the client and the broker agree in writing that a solution is reached
4. In case a solution cannot be reached the broker and client will jointly apply to the IGRC and follow the rules of the exchange/SEBI.

FOR MAJORTREND CAPITAL PRIVATE LIMITED

  
DIRECTOR

