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CHAPTER V

[1][36A. INVESTOR SERVICE CENTRE (ISC) / INVESTOR GRIEVANCE REDRESSAL COMMITTEE (IGRC)

A. INVESTOR SERVICE CENTRES (ISC)

The Exchange has set up Investor Service Centres (ISC) at Mumbai, Delhi, Kolkata and Chennai to facilitate resolution of complaints received from the investor/client against Member(s) of the Exchange. In addition to the aforesaid Centres, the Exchange is in the process of setting up of Investor Service Centres at Jaipur, Bangalore, Ahmadabad, Hyderabad, Kanpur and Indore. The ISCs shall provide such facilities as may be specified by SEBI from time to time, including facilities for receiving/recording investor/ client complaints.

B. CONSTITUTION OF INVESTOR GRIEVANCE REDRESSAL COMMITTEE (IGRC)

In order to facilitate expeditious redressal of investor/ client-grievances, the Exchange has constituted IGRC for each ISCs set up at Mumbai, Delhi, Kolkata and Chennai. The list of IGRC members is available on the website of the Exchange.

C. INVESTOR/ CLIENT GRIEVANCES REDRESSAL MECHANISM

1. Exchange shall ensure that all complaints are resolved within 15 days from the date receipt of the complaints. In case additional information is required from the complainant, the same shall be sought within 7 days from the receipt of the complaint. In such case, the period of 15 days will counted from the date of receipt of additional information. The correspondence with the Member (s) and investors/clients shall be done through e-mail, if the e-mail id of the investor/ client is available in the UCC database.

2. Members are requested to provide a dedicated e-mail id for correspondence to the Investor Grievance Department of the Exchange either through a letter or through e-mail. The Exchange shall communicate the complaints received from the investor/client to the Member concerned on the dedicated e-mail id provided by the Member.

[1] Inserted vide Exchange Circular Ref. MCX/IG &ARB/100/2016 dated March 31, 2016 (Ref. Exchange Circular No. MCX/IG&ARB/325/2015 dated November 18, 2015 and SEBI Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015)

3. On receipt of the complaint, the Member shall immediately act upon the same and revert with the details of redressal to the Exchange by way of a letter or email.

D. REFERENCE OF COMPLAINT TO THE INVESTOR GRIEVANCE REDRESSAL COMMITTEE (IGRC)

1. In case the complaint does not get resolved within 15 days from the date of receipt of the complaint/ additional information by the Exchange, the same shall be referred to the IGRC at the ISC nearest to the address provided by the investor/ client in the KYC form.

2. The IGRC shall comprise of a single person for claims upto Rs.25 lac and three persons for claims above Rs.25 lac.

3. IGRC shall adopt a two-fold approach i.e. (i) proceedings leading to direction to the Member to render required service in case of service related complaints and (ii) proceedings leading to an order concluding admissibility of the complaint or otherwise in case of trade related complaints.

4. The IGRC shall be allowed a time of 15 days from the date of reference of complaint to IGRC to amicably resolve the investor/ client complaint. The Members are requested to co-operate by remaining present for the IGRC meeting and ensure that the authorized representative appearing before the IGRC is adequately empowered to take decisions at the meeting.

5. Upon conclusion of the proceedings of IGRC and in cases where claim is decided as admissible to the investor/ client, the Exchange shall block an amount equal to admissible claim value from the deposit(s) of the Member concerned. If on account of such blockage, the deposit/collaterals fall below the requirement, Members' ability to trade may get impacted. Intimation of blocking will be given to Members within a day of blocking of funds on the dedicated e-mail id.

6. The Member has to inform the Exchange through a letter or dedicated e-mail id whether he intends to pursue the next level of resolution i.e. Arbitration, within 7 days from the date of IGRC direction.

7. If no intimation is received or the Member does not opt for arbitration, the amount decided as admissible by the IGRC shall be released to the investor/ client out of the amount blocked

from the Member's deposits/collaterals after the aforesaid 7 days. Intimation of release will be given to Member within a day of release of funds on the dedicated e-mail id.

8. In case, the Member opts for arbitration against the IGRC order and the claim value admissible to the investor/client is not more than Rs. 10 lac, then the Exchange shall provide monetary relief to the investor/ client as stated below or as may be stipulated by SEBI from time to time:

   i. 50% of the admissible claim value or Rs. 0.75 lakh, whichever is less, shall be released to the investor/ client from the Investor Protection Fund (IPF) of the Exchange.

   ii. In case the arbitration award in such cases is in favour of the investor/ client and where the amount of arbitration award is not more than Rs.10 lac and the Member opts for appellate arbitration or filing petition in the court of competent jurisdiction to set aside such arbitral award or application under section 33 of the Arbitration and Conciliation Act, 1996 within 7 days from the date of receipt of the award, then a positive difference of 50% of the amount mentioned in the arbitration award or Rs. 1.5 lac, whichever is less, after reducing any amount already released to the Investor/Client from IPF, will be released to the Investor/Client from IPF of the Exchange.

   iii. In case the appellate arbitration award in such cases is in favour of the investor/ client and the Member opts for filing petition in the court of competent jurisdiction to set aside such appellate arbitral award under section 34 or application under section 33 of the Arbitration and Conciliation Act, 1996 within 7 days from the date of receipt of the appellate award then a positive difference of 75% of the amount determined in the appellate arbitration award or Rs. 2 lac, whichever is less after reducing any amount already released to the investor/client, will be released to the investor/ client from IPF of the Exchange.

   iv. The release of amounts from the IPF to the investor/client as provided above shall be subject to

furnishing of undertaking/ indemnity by him to return the amounts so released, in case the proceedings are decided against him and subject to such other procedure as may be specified by the Exchange from time to time.

v. If it is observed that there is an attempt by investor/client either individually or through collusion with Member(s) or with any other stakeholders, to misuse the provision of this Circular then without prejudice to the powers of the SEBI to take action, appropriate action in this regard shall be taken against any such person, by the Exchange, including disqualification of the person so involved from henceforth accessing the benefits under this Circular.

vi. In case complaint is decided in favour of the investor/client after conclusion of the proceedings, then the amount released to the investor/ client shall be returned to the IPF from the blocked amount of the Member by the Exchange and the rest shall be paid to the investor/ client.

vii. Total amount released to the investor/client through the facility of monetary relief from IPF shall not exceed Rs.5 Lac in one financial year.

viii. In case investor/client loses at any stage of the proceedings and decides not to pursue the matter further, then the investor/client shall refund the amount released from IPF, back to the IPF of the Exchange. In case investor/client fails to make good the amount released out of IPF, then such investor/client (based on PAN of the investor/client) shall not be allowed to trade on any of the stock/commodity derivatives exchanges till such time the investor/client refunds the amount to the IPF.

ix. The Exchange may also display the names of such investor/clients on their website if considered necessary.

9. Members are required to file application for appellate arbitration within one month of the date of receipt of arbitral award. Alternatively, as per section 34 (3) of the Arbitration and Conciliation Act, 1996 the Members have three months to make an application to set aside an arbitral award before the

competent Court under said Act. However, in any case the Members who desire to challenge the arbitral award before appellate arbitration or competent Court, shall communicate to the Exchange their intention to do so, within 7 days from the date of receipt of the award.

10. If the Members do not express their intent to challenge the arbitration award/appellate arbitration award then it would be presumed that Members do not intend to challenge the award and the Exchange shall take further steps accordingly.

11. With a view to redressing complaints regarding 'unauthorised trades', Members are directed to put in place the following:

    a. In case the Member has made margin calls to the client and the client has failed to comply with these margin calls, then the contract note issued by Member for transactions owing to non-compliance of such margin calls would bear a remark specifying the same.

    b. The Member shall maintain a verifiable record of having made such margin calls and that the clients have not complied with the same.

ARBITRATION

[1][37. ARBITRATION PROCEDURE

1. REFERENCE TO THE ARBITRATION

[2][1.1. *The Exchange shall be entitled to facilitate arbitration for such disputes between the parties as mentioned in the provision of Byelaws, including the arbitration reference filed by the Member against the order of the Investor Grievance Redressal Committee (IGRC), by adopting such procedures as prescribed in the Bye-laws, Business Rules or Circulars issued by the Exchange*.]

1.2. Save as otherwise specified by the Relevant Authority, if the value of the claim, difference or dispute is more than [3][*Rs. 25.00 lakhs*] on the date of application, then such claim, difference or dispute shall be referred to a panel of three arbitrators and if the value of the claim, difference or dispute is upto [4][*Rupees Twenty Five lakhs*], then the same shall be referred to a sole arbitrator.

Provided, however, that the Relevant Authority may from time to time, increase or decrease the value of claim upto which the dispute shall be referred to a sole arbitrator or a panel of arbitrators as the case may be.

1.3. Where any claim, difference or dispute arises between agent of the Member and Client of the agent of the Member, in such claim, difference or dispute, the Member to whom such agent of the Member is affiliated, shall be impleaded as a party.

1.4. In case a Warehouse refuses or fails to transfer commodities to the constituent the date of dispute shall be deemed to have arisen on

i. the date of receipt of communication of warehouse refusing to transfer the commodities in favor of the Constituent;

or

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1 Substituted Business Rule 37, as per Exchange Circular No. MCX/474/2006 dated 8/11/06.

2 Substituted vide Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its substitution, Business Rule 37 1. 1.1. read as under:

"Every application for reference to arbitration shall be filed in the prescribed form with the Exchange. The Exchange upon receipt of reference may initiate steps to resolve the disputes so referred initially through conciliation / meditation as the case may be, and if in the opinion of the Managing Director / Deputy Managing Director, conciliation or mediation has failed to resolve the dispute, the matter shall be referred by the Exchange for arbitration"

3 Substituted for "Rs. 10.00 lakhs" by Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.

4 Substituted for "Rupees Ten Lakhs" by Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.

ii. the date of expiry of 5 days from the date of lodgment of dematerialized request by the Constituent for transfer with the seller; whichever is later;

2. CRITERIA FOR SELECTION OF PANEL OF ARBITRATORS BY THE EXCHANGE

[1][2.1 *The Exchange shall maintain a panel of arbitrators. The number of arbitrators in the panel shall commensurate to the number of disputes so that an arbitrator handles a reasonable number of references simultaneously and all arbitration references are disposed of with the prescribed time.*

2.2 *The Exchange shall have a set of fair and transparent criteria for inclusion of names in the panel of arbitrators.*

2.3 *While deciding to include a particular person in the panel of arbitrators, the Exchange shall take into account the following factors:*

(i) age,

(ii) qualification in the area of law, finance, accounts, economics, management, or administration, and

(iii) experience in financial services, including securities market.]

[2][2.4 *The name of arbitrator(s) shall be included in the panel after obtaining:*

a) a declaration that he has not been involved in any act of fraud, dishonesty or moral turpitude, or found guilty of any economic offence,

[1] Substituted vide Exchange Circular No. MCX/IG&ARB/325/2015 dated November 18, 2015 (Ref. SEBI Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015 . Prior to its substitution, Business Rule 37 2.1, 2.2 & 2.3 read as under

2.1 "Relevant Authority shall constitute every year in the month of April a panel of not less than 10 Arbitrators

2.2 At least 50% of such panel shall be drawn from futures trading professional conversant with the trading at a commodity exchange and its Bye-laws, Rules and these Business Rules or having expertise in such areas like law or commodity economics, finance, commodity services and appraisal commodity physical trade etc.

2.3 The Board or Relevant Authority may appoint surveyor/s of the Exchange, as an Arbitrator, who shall adjudicate any dispute relating to quality as and when so required."

[2] Inserted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31, 2016.

b) disclosure of the nature of his association with securities/commodity market,

c) disclosure of the names of his dependents associated with the securities/commodity market as member, sub-broker or authorized person, and

d) an undertaking that he shall abide by the code of conduct..

2.5 *The Arbitrators appointed by the Relevant Authority shall be included in the common pool of arbitrators so that a client or a member of the Exchange shall be entitled to choose arbitrator(s) from the common pool of arbitrators maintained by the National Commodity Derivatives Exchanges in pursuance of the directions issued by the SEBI.*]

[1][2A. CODE OF CONDUCT FOR ARBITRATORS

Persons appointed as arbitrators shall:-

i. act in a fair, unbiased, independent and objective manner;

ii. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of his duties;

iii. disclose his interest or conflict in particular case i.e whether any party to the proceeding had any dealing with or related to the arbitrator;

iv. not engage in acts discreditable to his responsibility;

v. avoid any interest or activities which is in conflict with the conduct of his duties as an arbitrators;

vi. avoid any activity that may impair, or may appear to impair, his independence or objectivity;

*vii. conduct arbitration proceedings in compliance with the principles of natural justice and the relevant provisions of the Arbitration and Conciliation Act, 1996, the SEBI Act, 1992, t**he** Securities Contracts (Regulation) Act, 1956 and the Rules, Regulations and Bye-laws framed thereunder and the circulars, directions issued by the Government / SEBI;*

viii. endeavour to pass arbitral award expeditiously and in any case not later than the time prescribed in this circular; and

ix. Pass reasoned and speaking arbitral award.]

[1] Inserted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31, 2016.

3. PROCEDURE FOR APPOINTMENT OF ARBITRATOR BY PARTIES

3.1

[1][(a) *The Exchange has uploaded on its website, the details of common pool of arbitrators for each Regional Arbitration Centres (RACs) consisting of the Arbitrators appointed by the Exchange and other National Commodity Derivatives Exchanges.*]

(b) The Applicant and the Respondent shall submit to the Exchange in the order of descending preference, names of such number of persons as specified hereunder from amongst the [2][*common pool of arbitrators maintained by the National Commodity Derivatives Exchanges*] [3][***].

(c) The number of persons to be so selected by the Applicant and the Respondent shall be[4][*four*].

(d) Such names shall be submitted in Form No. II/IIA by the Applicant along with Form No. I/IA.

(e) The Respondent shall submit the names in Form No. II/IIA within fifteen days of the receipt of Form No. I/IA from the Exchange.

(f) Upon receiving the Form No. II/IIA from both the Applicant as well as the Respondent, the Exchange shall, as provided herein, identify the person/s who shall act as the arbitrator/s.

[1][3.2 *If the client and the Member of the Exchange fail to choose the Arbitrator(s) from the common pool, the Exchange shall identify the Sole/Panel of arbitrator in the following manner:*

[1] Inserted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31, 2016 and earlier sub clause (a) to (e) renumbered accordingly as (b) to (f).

[2] Substituted for "panel of arbitrators constituted by the Exchange" as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.

[3] Words "under bye law 15.3 for the respective seats of arbitration" omitted by Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.

[4] Substituted for "six if the seat of arbitration is at Mumbai and three in other cases." as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31, 2016.

a) *The Arbitrator(s) will be chosen by an 'Automatic Process' wherein neither the parties to the arbitration (i.e. client or Member) nor the Exchange will be directly involved.*

b) *The 'Automatic Process' will entail a randomized, computer generated selection of Arbitrator, from the list of Arbitrators in the 'Common Pool'.*

c) *The selection of arbitrator process shall be in chronological order of the receipt of arbitration reference i.e. only after selecting an arbitrator for the former arbitration reference received, selection for the latter shall be taken up.*

d) *The 'Automatic Process' will send a system generated, real time alert (SMS, email etc.) to all entities involved in the particular case.*

e) *Further, the communication for the appointment of the Arbitrator will be sent immediately and in any case not later than the next working day from the day of picking of the Arbitrator. The communication will be sent by the Exchange on which the dispute had taken place, to all concerned entities including clients, arbitrators, members etc.*

f) *The arbitrator(s) shall be appointment within 30 days from the date of receipt of application from the Applicant.*

g) *In case of any probable conflict of interest in an arbitration reference being assigned to any Arbitrator, the Arbitrator will have to upfront decline the arbitration reference. After the said arbitrator declines, the 'automatic process' will pick the name of another Arbitrator. This will continue till the time there is no*

[1] Substituted vide Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its substitution, Business Rule 37 3.2 read as under:

3.2 "The Exchange shall identify the sole arbitrator to whom the arbitration application will be referred in the following manner:

a) The Exchange shall identify the most common arbitrator to whom the highest preference has been given by both the Applicant and the Respondent.

b) If no common arbitrator is identifiable, the Relevant Authority shall select an arbitrator from the lists of persons eligible to act as arbitrators excluding the persons selected by the Applicant and the Respondent.

c) If after excluding the persons selected by the Applicant and the Respondent, no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.

d) In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators, the Relevant Authority shall select the sole arbitrator from the panel of arbitrators."

conflict of interest, by the selected arbitrator. In this regard, the timelines mentioned at clause 3.2 (e) above might get extended.

h) In case of conflict of interest by the arbitrator, the information for the same may reach the Exchange within 15 days of receipt of communication from the Exchange. The said information may be sent by any method which ensures proof of delivery]

[1][3.3 ***

3.4 ***

3.5 ***]

4. VACANCY IN THE OFFICE OF THE ARBITRATOR

4.1. In case office of the sole arbitrator or any one or more of the arbitrators in the panel of arbitrators falls vacant after the appointment thereto, and before making the arbitral award due to illness, death or termination the vacancy shall be filled up by the

[1] Omitted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its omission, Business Rule 37. 3.3, 3.4 & 3.5 read as under:

3.3 "In case claim exceeds Rs.10.00 lakhs the relevant authority shall identify Arbitration Tribunal to whom the arbitration application will be referred, in the following manner:

1. *The Exchange shall identify three most common arbitrators in the order of preference given by both the Applicant and the Respondent.*
2. *If no common arbitrator is identifiable or only one or two common arbitrators are identifiable, the first, the second and/or the third arbitrator as the case may be shall be selected by the Relevant Authority from the list of eligible persons excluding the persons selected by the Applicant and the Respondent.*
3. *If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent.*
4. *In the event of the failure of Applicant and the Respondent to submit any names of eligible persons to act as arbitrators the Relevant Authority shall select the panel of arbitrators from the lists of persons eligible to act as arbitrators."*
5. *The panel of arbitrators so appointed shall select one among themselves to act as a presiding arbitrator within 15 days of receipt of intimation from the Exchange appointing them to act as an arbitrator. In case of failure or lack of consensus among the panel to select a presiding arbitrator, the Relevant Authority shall select the presiding arbitrator.*

3.4

(a) If the Applicant refuses to choose the persons eligible to act as arbitrators or fails to submit Form II/IIA and the Respondent submits Form II/IIA then the Relevant Authority shall select an arbitrator from the balance list of eligible persons excluding the persons selected by the Respondent.

(b) If after excluding the persons selected by the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by the Respondent.

(c) If the Applicant submits Form II/IIA and the Respondent fails to submit the same, then Relevant Authority shall select an arbitrator from the balance lists of eligible persons excluding the persons selected by the Applicant.

3.5

(c) If the arbitrator chosen as per the above procedure is not able to take up the matter for whatsoever reasons then the Relevant Authority shall select an arbitrator from the remaining names on the list of eligible persons excluding the persons selected by the Applicant and/or the Respondent.

(d) If after excluding the persons selected by the Applicant and the Respondent no eligible person is available to act as arbitrator or if the available person refuses or fails to act as arbitrator, then the Relevant Authority may select an arbitrator from the list submitted by either the Applicant or Respondent."

relevant authority [1][*by following procedure as per aforesaid 'Automatic Process'*.]

[2][4.2. ***

4.3. ***]

5. FEE AND CHARGES

[3][(a)

(i) Each of the parties to arbitration (other than a client with a claim / counter claim upto Rs. 10 lakh and filing the arbitration reference for the same within six months) shall deposit an amount, as may be prescribed by the Exchange, at the time of making arbitration reference. The deposits

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[1] Inserted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.

[2] Omitted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its omission, Business Rule 37. 4.2 & 4.3 read as under:

4.2 *"For the purpose of para 4.1, the list of names of eligible persons in Form No II/IIA already submitted by the Applicant and by the Respondent shall be considered."*

4.3 *"If no such eligible persons are available the applicant and respondent shall submit Form No.II / IIA against with fresh names."*

[3] Substituted vide Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its substitution, Business Rule 37 5 (a) read as under:

(a) *'The parties to the claim, difference or dispute shall deposit with the Exchange along with Form No. I/IA or Form No. III/IIIA as the case may be such monies as may be required by the exchange from time to time for defraying the costs that may be incurred for conducting the arbitration proceeding.*

(i) *1{Member of the Exchange, who is a party to the arbitration proceedings, either as an applicant or respondent, shall deposit the arbitration fee with the Exchange as under:*

Sr. No.	*Amount of Claim*	*Amount of Deposit*
1.	*Upto Rs.5,00,000/-*	*Rs.8,000/-*
2.	*Rs.5,00,001/- to 25,00,000/-*	*Rs.10,000/-*
3.	*above Rs.25,00,000/-*	*Rs.14,000/-*

(ii) *2Constituent of a Member, who is a party to the arbitration proceedings, either as an applicant or respondent, shall deposit the arbitration fee with the Exchange as under*

Sr. No.	*Amount of Claim*	*Amount of Deposit*
1.	*Upto Rs.10,00,000/-*	*Nil**
2.	*Rs.10,00,001/- to 25,00,000/-*	*Rs.8,000/-*
3.	*Rs.25,00,001/ and above*	*Rs.14,000/-*

**Upto a claim amount of Rs.10,00,000/-, the fee for arbitration proceedings is borne by the Exchange on behalf of the constituent, which may subsequently be reimbursed from the Investor Protection Fund of the Exchange.*

(iii) *In case of counter claim and/or additional claim, the respective parties who make the counter claim and/or additional claim, as the case may be, shall deposit the additional amount as per the same fee structure mentioned in sub-clauses (i) and (ii) above.}'*

(exclusive of statutory dues - stamp duty, service tax, etc.) shall not exceed the amount as indicated under:

Counter Claim, whichever is higher (Rs.)	*If claim is filed within six months*	*If claim is filed after six months*
≤ 10,00,000	*1.3% subject to a minimum of Rs.10,000*	*3.9% subject to a minimum of Rs.30,000*
> 10,00,000 - ≤ 25,00,000	*Rs. 13,000 plus 0.3% amount above Rs. 10 lakh*	*Rs. 39,000 plus 0.9% amount above Rs. 10 lakh*
> 25,00,000	*Rs. 17,500 plus 0.2% amount above Rs. 25 lakh subject to maximum of Rs. 30,000*	*Rs.52,500 plus 0.6% amount above Rs.25 lakh subject to maximum of Rs. 90,000*

(ii) *A client, who has a claim / counter claim upto Rs. 10 lakh and files arbitration reference shall be exempt from the deposit. Expense thus arising with regard to such application shall be borne by the Exchange.*

(iii) *In all cases, on issue of the arbitral award, the Exchange shall refund the deposit to the party in whose favour the award has been passed. In cases where claim was filed within six months period, the full deposit made by the party against whom the award has been passed, shall be appropriated towards arbitration fees. In cases where claim was filed after six months, one-third of the deposit collected from the party against whom the award has been passed, shall be appropriated towards arbitration fees and balance two-third amount shall be credited to the Investor Protection Fund of the Exchange.*

Note: Six months (as referred to in paras 5.1 and 5.3 above) shall be computed from the end of the quarter during which

the disputed transaction(s) were executed/ settled, whichever is relevant for the dispute, and after excluding:-

(iv) the time taken by the IGRC from the date of receipt of dispute till the decision by the Committee to resolve the dispute under the Rules, Bye-laws & Business Rules, and

(v) the time taken by the Member to attempt the resolution of the dispute (the time from the date of receipt of dispute by the Member to the date of receipt of the member's last communication by the client) or one month from the date of receipt of the dispute by the Member, whichever is earlier.

(vi) A party filing an appeal before the appellate panel as mentioned under para 2 above shall pay a fee not exceeding Rs. 30,000/-,as may be prescribed by the 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 lacs then the party shall pay a fee not exceeding Rs, 10,000/-. Expense thus arising with regard to such application shall be borne by the Exchange and Investor Protection Fund of the Exchange equally.]

(b) If the respondent being a constituent fails, neglects or refuses to make a deposit, the Applicant shall be responsible for making such deposit, without prejudice, however, to its right to recover the same from such Respondent in terms of the award.

(c) The Exchange shall have the right to recover the deposit from the Member from the monies lying to the credit of account of the member with the exchange, if the Member fails to make the deposit. In case of failure by the party making the reference to provide such deposit and if the amount lying with the Exchange to the account of the member being insufficient to meet the requirement, the arbitration proceedings may be suspended up to a period of 15 days and where such suspension continues beyond such period by reason of non-payment, the proceedings shall be terminated forthwith in respect of the claim or counter claim as the case may be. [Provided, in case of deactivated or absconding Member(s), who does not have sufficient fund to meet the prescribed Arbitration fees requirement in respect of Arbitration reference filed by the constituent(s) / client(s), the arbitration fees of such Member(s) shall be borne by the Exchange, which

may be subsequently reimbursed from the Investor protection Fund of the Exchange.][1]

(d) In any claim, difference or dispute to which an agent of the Member is a party, if the agent of the Member fails to make the deposit with the Exchange in accordance with the above provisions of Clause 5, then the Member to whom such agent of the Member is affiliated shall be liable to make the deposit with the Exchange.

(e) The amount of deposit, which has to be deposited by the parties to the dispute shall be as determined by the Relevant Authority from time to time keeping in view the amount of claim and the cost of arbitration and such amount shall be deposited by the parties in equal shares towards the cost of arbitration. All deposits towards costs and expenses shall be made with the Exchange and no payment shall be made to the arbitrators directly by the parties.

(f) Notwithstanding what is mentioned at (e) above, the Exchange may call for such additional deposits as it may deem fit if in its opinion the deposits already made will be insufficient to defray the expenses of arbitration.

[2][5A PLACE OF ARBITRATION

The arbitration and appellate arbitration shall be conducted at the regional arbitration centre nearest to the Client. The

[1] Amended as per Exchange Circular no. MCX/Legal/157/2013 dated 23/04/2013

[2] Substituted vide Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its substitution, Business Rule 37. 5A read as under:

'5A. Seat of Arbitration

(a) The Relevant Authority may provide for different seats of arbitration for different regions of the country either generally or specifically and in such an event the seat of arbitration shall be the place so provided by the Relevant Authority. Save as otherwise specified by the Relevant Authority, the seat of arbitration for different region shall be as follows

Seat of Arbitration Regional Arbitration Centres (RACs)	*States covered by the RAC*
Delhi	*Delhi, Haryana, Uttar Pradesh, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh, Rajasthan*
Kolkatta	*West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chattisgarh*
Chennai	*Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman & Nicobar, Lakshadweep, Pondicherr*
Mumbai	*Maharasthtra, Gujarat, Goa, Daman, Diu, Dadra & Nagar Haveli, Madhya Pradesh*

(b) The premises/location where the hearing of arbitration shall take place shall be such place as may be identified by the Exchange from time to time and intimated to the arbitrator and the parties to the dispute accordingly.'

application under Section 34 of the Arbitration and Conciliation Act, 1996, if any, against the decision of the appellate panel shall be filed in the competent Court nearest t such regional centre.]

[1][**5B** ***

5C ***]

6. PROCEDURE FOR ARBITRATION

6.1

a) The Applicant shall submit to the Exchange the application for arbitration in Form No. I/IA, along with the following enclosures:
   i. The Statement of Case (containing all the relevant facts about the dispute and relief sought)
   ii. The Statement of Accounts in proof of claim.
   iii. Copies of Member - Constituent Agreement
   iv. Copies of the relevant Contract Notes, Invoice and Delivery Challan.

b) The applicant shall submit three sets of applications in case of a sole arbitrator and six sets in case of arbitral tribunal.

[1] Omitted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31, 2016 . Prior to its omission, Business Rule 37. 5B & 5C read as under:

'5B. Criteria for selection of Seat of arbitration

Save as otherwise specified by the Relevant Authority, the criteria for selection of Seat of Arbitration and place of hearing of a particular matter is as follows:

Parties to dispute	*Criteria for selection of Seat by the Applicant for Arbitration*	*Place of hearing*
Member Vs Member	*If the dealing offices of both the members from where the dealing was carried is situated in any one of the states covered by a particular RAC then the Applicant-Member shall select the Seat of that RAC for arbitration.*	*Hearing shall be held at the RAC where the Applicant – Member has filed the Application for arbitration and the Respondent – Member shall attend the hearing in that particular RAC*
Member V/s Client & Client V/s Member	*Where the Client ordinarily resides in any one of the states covered by a particular RAC, then the Applicant shall select the Seat of that RAC for arbitration.*	*Hearing shall be held at that RAC where the Applicant has filed the application for Arbitration and the Respondent shall attend the hearing in that particular RAC.*

Notwithstanding anything contained hereinabove and unless otherwise specifically agreed in writing between the Member and the Client, in respect of any claims, disputes and differences arising out of internet trading between the client and the member, the Seat of Arbitration shall be at the Regional Arbitration Centre having jurisdiction in any one of the states where the client ordinarily resided at the time of relevant trading took place.'

'5C. Application for arbitration in the prescribed form along with relevant enclosures shall be submitted and all correspondence relating to the said application shall be made by the Applicant with the Exchange at its Head Office in Mumbai. Provided, however, that the documents can be submitted/filed before the arbitrator(s) at the time of hearing."

c) The Applicant shall also submit to the Exchange the following along with Form No. I/IA.
   i. A cheque/pay order/demand draft for the deposit payable at the seat of arbitration in favor of Multi Commodity Exchange of India Limited.
   ii. Form No. II/IIA containing list of names of the persons eligible to act as arbitrators.

6.2

(a) If any deficiency/defect in the application is found, the Exchange shall call upon the Applicant to rectify the deficiency/defect and the Applicant shall rectify the deficiency/defect within 15 days of receipt of intimation from the Exchange.

(b) If the Applicant fails to rectify the deficiency/defect within the prescribed period, the Exchange shall return the deficient/defective application to the Applicant.

(c) The Applicant shall have the right to file a revised application, which shall be considered as a fresh application for all purposes and be dealt with accordingly by the exchange.

6.3

(a) Upon receipt of Form No.I/IA the Exchange shall forward a copy of the statement of case and related documents mentioned in clause (a) to the Respondent.

(b) Upon receiving Form No. I/IA, the Respondent shall submit Form II/IIA to the Exchange within 15 days from the date of receipt. If the Respondent fails to submit Form II/IIA within the time period prescribed by the Exchange, then the arbitrator shall be appointed in the manner as specified in the clause 3 above.

(c) Upon receiving Form No II/IIA from the Respondent, the arbitrator shall be appointed by the Relevant Authority as per the procedure.

6.4

(a) The Respondent(s) shall, within 15 days from the date of receipt of Form No I/IA from the Exchange submit to the Exchange Form No. III/IIIA along with the following enclosures:

- The Statement of Reply (containing all available defenses to the claim).
- The Statement of Accounts.
- Copies of the Member Constituent Agreement.
- Copies of the relevant Contract Notes, Invoice and Delivery Challan etc.
- Statement of the set-off or counter claim along with statements of accounts and copies of relevant contract notes and bills etc.

(b) The Respondent shall submit three sets of Applications in case of Sole arbitrator and 6 sets in case of Arbitral tribunal.

(c) The Respondent shall also submit to the Exchange a cheque /pay order/demand draft for the fee / charges payable at the seat of arbitration in favor of Multi Commodity Exchange of India Limited along with Form No. III/IIIA

6.5 In case the Respondent fails to submit Form III/IIIA within the prescribed time, the arbitrator may proceed with the arbitral proceedings and make the award ex-parte.

6.6

(a) Upon receiving Form No. III/IIIA from the Respondent the Exchange shall forward one copy to the Applicant.

(b) The Applicant shall within 15 days from the date of receipt of copy of Form III/IIIA

(c) submit to the Exchange, a reply to any counterclaim, if any, which may have been raised by the Respondent in its reply to the Applicant.

(d) The Exchange shall forward the reply to the Respondent.

(e) The time period for filing any pleading referred to herein may be extended for such further periods as may be decided by the Relevant Authority in consultation with the arbitrator depending on the circumstances of the matter.

7. REQUIREMENT FOR HEARINGS

7.1 No hearing shall be required to be given to the parties to the dispute if the value of the claim difference or dispute is Rs. One lakh or less. In such a case the arbitrator/s shall proceed to decide the matter on the basis of documents submitted by both the parties.

Provided however the arbitrator, for reasons to be recorded in writing, may hear both the parties to the dispute.

7.2 If the value of claim, difference or dispute is more than Rs. One lakh the arbitrators shall offer to hear the parties to the dispute unless both parties waive their right for such hearing in writing.

8. NOTICE OF HEARING

[1][8.1 Unless otherwise specified, the Exchange shall in consultation with the arbitrator determine the date, the time and place of the first hearing. Notice for the first hearing shall be given at least three days in advance, unless the parties, by their mutual consent, waive the notice. The arbitrator shall determine the date, the time and place of subsequent hearings of which the Exchange shall give a notice to the parties concerned.

8.2 The arbitrator/s may commence, proceed with, continue or conclude the reference notwithstanding any failure by a party to comply with any of the directions of the arbitrator/s and may also proceed with the arbitral proceedings in the absence of any or both the parties who fail or neglect to attend at the time and place appointed by the arbitrator/s, inspite of due notice.]

9. ARBITRAL AWARD

9.1 The arbitral award shall be in writing and made in three originals duly dated and signed and dated.

9.2 The arbitrator shall file all the three original awards with the Exchange, which shall arrange to send one original each to the parties to the dispute and the Exchange shall retain the stamped original award. In case there are more than one Respondent, one Original shall be sent to the first respondent and photocopies of the award shall be sent to the remaining respondent, duly certified.

[1] Earlier sub clause 8.2 and 8.3 renumbered accordingly as 8.1 and 8.2.

10. COUNTER-CLAIM AND REPLY TO COUNTER-CLAIM

The Respondent in arbitration proceedings may make a counter-claim against the Claimant provided the counter-claim arises under the same transaction as the original claim. The Respondent shall submit the counterclaim if any with full details supported by all documents and information forming the basis of counterclaim within at or before the first hearing of the reference, but not afterwards unless specifically permitted by arbitral tribunal. The original Claimant may, within such period, or within such extended time as may be permitted by the arbitrator/s, submit a statement in reply to the counter-claim.

11. ARBITRATION FEES AND CHARGES, COSTS, ETC.

(a) The fees and expenses payable to arbitrator shall be as determined by the Relevant Authority from time to time.

(b) All fees and charges relating to the appointment of the arbitrator and conduct of arbitration proceedings shall be borne by the parties in such proportions as may be decided by the Relevant Authority / Arbitrator.

(c) The costs, if any, to be awarded to either of the party in addition to the fees and charges that have to be borne by the parties for conducting the arbitration shall be decided by the arbitrator.

(d) Unless the arbitrator directs otherwise each party shall bear their own expenses of traveling and other incidental expenses incurred.

(e) Other fees and expenses incurred: The parties to the arbitration are liable to pay costs for and expenses of witnesses, expenses connected with the selection and carriage of sample and examination of goods, Licensed Measure's Department or Assayers'/quality certifying agencies' charges, conveyance, hire, cost of legal or technical advice or proceedings in respect of any matter arising out of the arbitration and any other incidental expenses and charges in connection with or arising out of the reference or award as the arbitral tribunal may, in its absolute discretion, think fit.

12. COMBINING OF CLAIMS

12.1 Where there are two or more applications for arbitration and the issue involved in the dispute arises out of similar transactions, the Relevant Authority may, if in his opinion it is proper to do so, with the consent of the parties, fix the hearings of the disputes to be heard jointly or refer the applications for separate hearings where the parties do not so consent.

12.2 Where the applications are heard jointly, the awards, however, shall be given separately for each reference.

13. DUTY OF THE PARTIES TO THE DISPUTE

The parties shall do all acts necessary to enable the arbitrator to make an award expeditiously and shall not do or cause or allow to be done, any act which may delay the proceedings or prevent arbitrators from making an award expeditiously, and if any party does cause or allow to be done any act that may cause such delay, that party shall pay such costs as the arbitral tribunal deems reasonable.

14. LANGUAGE

The language of the arbitration proceedings and the award shall be English. If any documents filed by the parties are in a language other than English, the party filling such documents shall simultaneously furnish an English translation of the documents.

15. INTERPRETATION

For the purpose of this clause

[4][i *Relevant Authority means Managing Director or Executive Director or any Officer (s) authorized by the Board may for sufficient cause extend the time for issue of arbitral award by not more than two months on a case basis after recording the reason for the same.*]

ii. Applicant is the person who filed the claim for arbitration.

[1] Substituted vide Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016 . Prior to its substitution, Business Rule 37. 15(i) read as under:

'Relevant Authority means Managing Director or Deputy Managing Director **4**{*or any officer(s) authorized by the Managing Director or Deputy Managing Director.*}*'*

iii. Respondent is the person against whom the claim has been made by the Applicant including any person made a party by virtue of this Business Rule.]

[1][**16. *APPELATE ARBITRATION***

(i) A party aggrieved by an arbitral award may appeal to the appellate panel of arbitrators of the Exchange against such award.

(ii) An appeal before the appellate panel of arbitrators may be filed within one month from the date of receipt of arbitral award.

(iii) The appellate panel shall consist of three arbitrators who shall be different from the ones who passed the arbitral award appealed against.

(iv) The appellate Arbitrators shall be appointed within 30 days from the date of receipt of application for appellate arbitration.

(v) The appeal shall be disposed of within three months from the date of appointment of appellate panel of such appeal by way of issue of an appellate arbitral award.

(vi) The Managing Director or Executive Director or any officer (s) authorized by the Board may for sufficient cause extend the time for issue of appellate arbitral award by not more than two months on a case to case basis after recording the reasons for the same.

(vii) A party aggrieved by the appellate arbitral award may file an application to the Court of competent jurisdiction in accordance with Section 34 of the Arbitration and Conciliation Act, 1996.]

[1] Inserted as per Exchange Circular No. MCX/IG&ARB/101/2016 dated March 31,2016.