

SEBI's Investor Grievance Redressal Regime

The available options for investors to redress their grievances, along with the recent changes, has been summarized herein below:

1. SEBI Complaints Redressal System (SCORES)

A centralized web-based complaint redressal facilitation platform i.e., SCORES, launched in June, 2011, for redressal of investor grievances against (a) listed companies (b) registered intermediaries, or (c) market infrastructure institutions.

However, recourse shall be taken to the SCORES Platform only after such grievance has been taken up with the entity concerned, through their designated persons responsible for issues relating to investor grievance. In most cases, the Compliance Officer of the Listed entity is the designated person.

To enhance the speed of redressal, the investor shall be eligible to raise a complaint within a time span of 1 year from the date of occurrence of cause of action of such grievance.

Following Complaints shall not be dealt through the SCORES:

1. Complaints against companies which are unlisted/delisted and companies on the dissemination board of the Stock Exchanges (except valuation of securities).
2. Complaints which are pending in courts, quasi-judicial bodies, or disputes routed through the Online Dispute Resolution Mechanism under the aegis of the Market Infrastructure Institutions.
3. Complaints falling under the purview of the regulatory bodies, such as Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Competition Commission of India (CCI), or complaints falling under the purview of the other ministries.
4. Complaints against a Company under resolution under the relevant provisions of the Insolvency and Bankruptcy Code, 2016.
5. Complaints against a Struck off company from the Register of Companies or a Vanishing Company as per the Ministry of Corporate Affairs.
6. Companies under liquidation or already liquidated.

7. Complaints which are in the nature of market intelligence, i.e, information given to SEBI regarding violation of the securities laws.

How to lodge a complaint on SCORES Portal?

- Investor to register themselves on <https://scores.sebi.gov.in> by clicking on the “Sign in/Sign up” button.
- Details like- Name of the investor, Permanent Account Number, Contact Details, Email ID, to be provided.
- Selecting the correct complaint category, entity name, nature of complaint.
- Complaint details to be mentioned in brief.
- A PDF Document, as a supporting attachment to the Complaint.

Upon successful submission of the complaint, a unique user id and a password shall be generated and will be communicated by way of an acknowledgement email to the complainant.

Time taken for redressal of complaints-With the amendment in Regulation 13 of the SEBI LODR Regulations vide the SEBI (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023, Listed entities shall endeavour to redress the complaints as promptly as possible and not later than 21 calendar days. Upon successful redressal, an email shall be sent on the registered email ID of the Investor.

Introduction of the submission of Action Taken Report-With a view to monitor the satisfactory resolution of complaints within the given timelines, SEBI vide circular on September 20, 2023, mandated the concept of submission of an Action Taken Report (“ATR”) by the listed entities, required to be uploaded on the SCORES portal. The submitted ATR shall automatically be routed to the aggrieved Investor for his reference.

ATRs are required to be duly uploaded on the Portal within **21 calendar days** by the concerned entity. Stock Exchanges shall be responsible for monitoring of such ATRs and ensuring that it is submitted within the requisite time span. The Stock Exchanges shall inform the Listed entity, in case of any improvement required.

In case the resolution by listed entities is dissatisfactory, the complainant has the option of seeking the “Review” mechanism, as detailed below:

First Review of the Complaint-:

1. The complainant shall request for review of the complaint within 15 calendar days from the date of submission of the ATR.

2. The Stock Exchange shall be responsible for undertaking the first review of the complaint and the concerned entity shall be responsible for submitting the ATR with the Exchange, within the stipulated time.

3. The Stock Exchange shall undertake to submit the revised ATR to the complainant within 10 calendar days from the review sought.

Second Review of the Complaint-The complainant shall be further eligible to seek a second review of the Complaint, within the given timeline:

- The Complainant shall be eligible to undertake a second review, within 15 calendar days from the date of submission of the revised ATR by the Stock Exchange, where such Complainant is not satisfied, or where no revised ATR is submitted. Note that if an investor is satisfied with the first review of the complaint or does not choose to review the same within the specified timeline, the complaint shall be treated as disposed off on the SCORES Platform.

- SEBI shall be responsible for undertaking the second review of the complaint and the review shall be undertaken with the stakeholders involved, including the concerned entity and/or Designated Body.

- The revised ATR shall be submitted through the SCORES by the concerned entity/Stock Exchange, within the specified timeline.

- The complaint shall be treated off as “disposed” or “resolved” only upon satisfaction of the SEBI, and the status of the complaint shall be updated on the SCORES platform by the Market Regulator itself.

Action to be taken against the Listed entity in case of failure to redress Investors’ Complaints:

1. In case the complaint remains unresolved within 21 calendar days, the Designated Stock Exchange (DSE) shall levy a fine of INR 1,000/- per day per complaint on the entity.

2. The DSE shall further proceed to issue a notice on the concerned entity to pay the requisite fine within 15 days along with the submission of the ATR for the pending complaints.

3. In case the entity fails to redress the grievances and/or pay the fine within the requisite timeline, the DSE shall issue a notice on the promoters of the listed entity to ensure the due submission of the ATR along with the payment of fine within 10 days from the date of notice.

4. In case the promoters fail to undertake such action within the specified timeline, the DSE shall forthwith intimate the depositories for freezing of entire shareholding of the promoter (s) in such listed company as well as other securities held in the Demat account of the promoter(s).

5. The fine shall be computed and levied on monthly basis during the non-compliance period.

6. Upon exhaustion of all options as stated herein above, and where the complaints exceed 20 or where the value involved in such complaints exceed INR 10.00 lakhs, the Exchange shall forward such complaint to the SEBI, for undertaking further action. The intimation to the SEBI shall be made through the SCORES portal.

2. Investor Grievance Redressal Cell:

Both the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), have in place an Investor Services Cell for the purpose of investors who wish to directly lodge their complaints against the Trading Members with the respective stock exchanges. The stock exchanges have specified a list of complaints on their respective websites.

Investors may file their grievances either physically at the nearest regional Investor Service Centre or submit the details of the complaint online i.e., in the case of NSE, “**NICEPlus**” shall be the relevant online portal and for BSE, an email may be sent at **is@bseindia.com** or through the facility provided on BSE’s website under the Investor Section as “**e-Complaint Registration**”.

Exchanges have their individual timelines (In case of the BSE, within 30 days from the date of receipt of complaint by the Company and in case of the NSE, within 15 days from the date of registration of complaint by the Investor Services Cell, the complaint is referred to the Grievance Redressal Committee) for the purpose of dispute resolution.

As opposed to SCORES, there is no review mechanism available in case of unsatisfactory resolution of the complaint, though stock exchanges generally push for a satisfactory resolution.

3. Introducing the Online Dispute Resolution Mechanism:

While the introduction of the Online Dispute Resolution Mechanism was long contemplated by the Market Regulator by way of various public consultations, the Online Dispute Resolution Mechanism was formally introduced by way of a SEBI circular dated July 31, 2023.

The existing dispute resolution mechanism was brought under the aegis of the Market Infrastructure Institutions- Stock Exchanges and Depositories (“MII”). The MII’s were made responsible for empanelling one or more independent ODR institutions to facilitate time-bound online arbitration and conciliation proceedings.

Further, a common online dispute resolution portal (“ODR Portal”) has also been set up, for facilitating online conciliation and arbitration for the resolution of a dispute. The link of access the portal is <https://smartodr.in/login>

In the following cases, the complainant can access the ODR Portal:

1. Where complaint is not resolved through the SCORES portal
2. Where complaint is not resolved through the Investor Grievance Redressal Cell

Listed Companies may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the investor/client for resolution of the dispute which has not been satisfactorily resolved between them.

Note that complaints shall be registered **free of charge** on the ODR Portal.

Timelines for Implementation-

The ODR Portal was made effective on and from September 16, 2023.

Initiating the Dispute Resolution Mechanism-

Disputes through the ODR portal shall be first resolved through conciliation and then arbitration.

Online Conciliation via the ODR Mechanism:

- The ODR institution shall appoint a sole independent and neutral Conciliator within 5 days from the date of receipt of the Complaint.
- Aiming to reach an amicable solution within 21 calendar days (such timeline may be extended by another 10 calendar days, if the need so arises).
- However, in case of the investor failing to resolve such complaint by way of conciliation, the admissible claim value shall be determined and intimated

accordingly to the Investor, ODR Institution and the MII. Further, the Investor may aim to pursue online arbitration.

Online Arbitration via the ODR Mechanism:

- The ODR Institution shall appoint a sole independent and neutral arbitrator within 5 calendar days from the date of receipt of the complaint. Depending upon the monetary value involved, more than one arbitrator will be appointed.
- **Imposition of pecuniary limits:** In case of the value of claim exceeding INR 1,00,000, the Sole arbitrator or Arbitral Tribunal shall conduct the necessary proceeding.

In case of the value of claim being less than INR 1,00,000, the Sole Arbitrator shall initiate a “document-only” process. If the aggregate/counter claim exceeds INR 30,00,000, the matter shall be referred to the Arbitral Tribunal, consisting of 3 arbitrators.

- Arbitrator shall ensure that the Arbitral award is passed within 30 calendar days, or such other period as SEBI may specify.
- Upon conclusion of the arbitration proceeding and passage of the arbitral award, in case of any outstanding payment to be made by the Market Participant, the same is required to be made within 15 calendar days from the date of the Arbitral Award.
- The venue and seat of the online proceedings, in case of disputes persisting between the investor/client and the listed company shall be where the investor resides permanently and in case of a non-individual investor, the place of registration in India or the Principal place of business.

The recent initiatives taken by the SEBI highlight a strong commitment towards addressing the investor concerns. The stakeholders are essentially optimistic of how such initiatives will play out for both the listed entities and investor interest in the long run.