DRAFT CIRCULAR FOR PUBLIC COMMENTS

Consultation Paper on Streamlining the Online Dispute Resolution Framework in Indian Securities Market

1. Background

1.1 SEBI had issued Circular on ‘Online Resolution of Disputes in the Indian Securities Market’ on July 31, 2023 and subsequently, it was amended on few occasions and these amendments are consolidated in the Master Circular updated on December 28, 2023.

1.2 Subsequently, SEBI has received inputs / representations / feedbacks from MIIs, investors and stakeholders on various issues associated with existing ODR Mechanism. The issues raised includes the process of appointment of arbitrators, delay in receipt of payment from market intermediaries and listed entities to ODR institutions and from ODR institutions to Arbitrators, enforcement of the arbitration awards as intermediaries are not under the regulatory purview of ODR institutions, delay in proceedings, etc. Considering these inputs, it is proposed to change some of the processes which may result in reduction in the time lines and enhance enforceability and ease of doing investing in securities market.

2. Public Comments

This consultation paper seeks comments / suggestions from public / stakeholders on proposed draft Circular on Streamlining the Online Dispute Resolution Framework in Indian Securities Market placed below at **Annexure-I**, *inter alia*, comprising of major issues, as mentioned herein below:

2.1 Inputs / representations / feedbacks received from MIIs, investors, and stakeholders, suggesting that the pre-ODR mechanism existed earlier under the aegis of MIIs had a better control over the process of appointment of Conciliators and Arbitrators. Further, it was submitted that due to certain regulatory gaps, presently MIIs are facing difficulties in addressing certain issue relating to record keeping, handling complaints against Conciliators and arbitrators, enforceability of certain provisions, etc., On due consideration of these issues, it is decided to review and streamline the existing ODR Mechanism, by incorporating certain best practices existed in the pre-ODR mechanism, including, empanelment of Conciliators and arbitrators and other responsibilities carried out by MIIs. The MIIs have better control and enforceability over the intermediaries and listed entities and most of them are registered with MIIs in some capacity. Therefore, it is proposed to shift the responsibility of handling of the dispute resolution from the ODR institutions to

MIIs. While proposed ODR system will have same technology driven processes, which will be entirely handled by MIIs.

2.2 It is also proposed to address issues raised by investors relating to appointment of arbitrators that they were not consulted before appointment of arbitrators, which was followed earlier in the pre-ODR system. On due consideration, it is proposed to seek preference of names by both parties from the panel of arbitrators, before the appointment of arbitrators by MII. Further, with a view to streamline the existing process, it is proposed that the appointment of Conciliators shall be done by MIIs from its panel of Conciliators.

2.3 Further, in the interest of investors and with a view to address the concerns raised investors of Alternative Investment Funds (**AIFs**) it is proposed to provide them the choice to resolve their disputes against AIFs as per pre-existing agreement between them.

2.4 With a view to streamline and consolidate the existing process followed by the Designated Bodies in SEBI Complaints Redressal System ('**SCORES**') and pre-Conciliation at ODR Mechanism, it is proposed to escalate the unresolved investor grievances from the level of Designated Bodies in SCORES to Conciliation stage at ODR mechanism, given that the issue is not resolved by the Designated Bodies. This will speed up the grievance redressal process by reducing the time line by 21 calendar days.

2.5 AIF Regulations protect the investor's money held in trust, from any liability cast upon the Fund Manager towards paying damages relating to dispute resolution, if the AIF is a Trust. However, this protection is not available to the investors if the AIF is in the form of a company or LLP. It is proposed to amend the AIF Regulations 2012 so as to extend this protection to investors of AIFs irrespective of the mode of incorporation

3. In view of the above, the draft circular after incorporating the aforesaid changes is placed alongside this Consultation Paper for public comments. You may submit your comments/suggestions on proposal by **August 13, 2026**, by using the following link: https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

4. In case of any technical issue in submitting your comment through web based public comments form, you may you may write to iad@sebi.gov.in with the subject: "Public Comments w.r.t Draft Circular on Streamlining the Investor Grievance Redressal and Online Dispute Resolution Framework in Indian Securities Market".

Issued on: **July 23, 2026**

1. List of Questions to be uploaded in the portal for seeking public Comments

Proposal No. 1: Whether you agree that online Conciliation and arbitration platform, including the empanelment of Conciliators and arbitrators, operated by MIIs, will enhance efficiency and enforceability? **Proposal No. 2:** Whether you agree that proposed process of appointment of arbitrators be done by MIIs after taking into consideration of preference of names taken from both parties? **Proposal No. 3:** Whether you agree that AIF Investors should have choice to opt for other dispute resolution mechanism than the ODR platform? **Proposal No. 4:** Whether you agree that unresolved investor grievances, after review by the Designated Bodies in SCORES, be allowed to directly escalated to the Conciliation stage in ODR mechanism? **Proposal No. 5:** Whether you agree that the protection available to investors of AIF, if it is constituted as a Trust, be extended to investors of all AIF, irrespective of its mode of incorporation, be it Company/LLP? **Proposal No. 6:** Any other matter on the draft Circular.

Annexure-I

DRAFT CIRCULAR

SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2026/xxxx **xxxx xx, 2026**

To,
All Recognized Stock Exchanges (including Commodity Derivatives Exchanges)
All Clearing Corporations
All Depositories
All Stock Brokers
All Depository Participants
All SEBI Registered Intermediaries / All SEBI Regulated Entities
Association of Investment Bankers of India
Association of Mutual Funds in India
Association of Portfolio Managers in India
BSE Administration & Supervision Ltd.
Indian REITs Association
Trustees Association of India
Bharat InvITs Association
All Listed Companies

Dear Sir / Madam,

Subject: Streamlining the Online Dispute Resolution Framework in Indian Securities Market

1. Objective and Background:

1.1 SEBI had issued Circular on 'Online Resolution of Disputes in the Indian Securities Market' on July 31, 2023 and subsequently, it was amended on few occasions and these amendments are consolidated in the Master Circular updated on December 28, 2023.

1.2 Under the existing framework of Grievance Redressal and Online Dispute Resolution ('**ODR**') Framework in Indian Securities Market, investor first files his / her grievance on the SEBI Complaints Redressal System ('**SCORES**') platform. In cases where the grievance remains unresolved through the SCORES mechanism, the same can be escalated in the ODR platform.

1.3 Based on the feedback received from the market participants and for the ease of doing business, it has been decided to reduce the layers of intermediation within the investor grievance and dispute redressal mechanisms and few more changes have been made in the process to bring more clarity in the process. The entire process will remain fully digital and shall be conducted exclusively through online modes.

1.4 It is also important to note that both these SCORES and ODR mechanisms are available for redressing complaints/deficiencies in services / activities by a regulated entity, with whom the investor is registered as a client/security holder of a listed entity.

2. Investor Grievance Redressal at SCORES

2.1 Initial Filing:

a) The investor shall first take up his / her grievance against the Registered Intermediary or Listed Company or Market Infrastructure Institutions through the SCORES platform.

b) All Entities, including registered Market Intermediaries and Listed Companies, upon receipt of an investor complaint through SCORES, shall resolve the complaint and submit the Action Taken Report (‘**ATR’**) on SCORES within 21 calendar days from the date of receipt of such Complaint.

c) The Complaint against the Entity shall be simultaneously forwarded through SCORES to the relevant Designated Body (‘**DB’**) as mentioned in Paragraph No. 8.

d) The relevant DB shall oversee and ensure timely submission of the ATRs by the concerned Entities within the prescribed time limit of 21 calendar days.

e) The DB shall monitor the ATRs submitted by the Entities falling within its jurisdiction and, wherever necessary, inform and provide guidance to the concerned Entity for improving the quality and effectiveness of redressal of investor grievances.

2.2 Escalation to Designated Bodies:

a) In cases where the complainant is satisfied with the resolution provided by the Entity through the ATR, or does not seek a review of the resolution of the complaint within 15 calendar days, the complaint shall be disposed of on SCORES.

b) However, where the complainant is not satisfied with the resolution provided by the Entity, the complainant may request for a review of the resolution provided by the Entity within 15 calendar days from the date of the ATR. Further, where the Entity fails to submit the ATR within the stipulated time period of 21 calendar days, the concerned DB shall take cognizance of the Complaint for first review of the resolution through SCORES.

c) The review conducted by the DB shall serve as a pre-Conciliation mechanism aimed at facilitating resolution of the grievance before the matter is escalated to ODR mechanism.

d) The DB may engage with the concerned Entity, wherever necessary, and shall ensure that a revised ATR, along with the outcome of the review, is communicated to the complainant through SCORES within the prescribed timeline of 10 calendar days from the date of review. If the complainant is satisfied with the ATR submitted by DB, the complaint shall stand disposed of on SCORES.

e) In case the complainant remains dissatisfied with the resolution provided pursuant to such review by DB, he/she may, thereafter, avail the ODR mechanism, wherever applicable under this framework. Similarly, in case where the DB fails to submit ATR within prescribed timeline, then such complaint will be auto escalated to ODR mechanism.

f) Notwithstanding the above, and as stated in Paragraph No.11 below, complaints against MIIs (Stock Exchanges, Depositories and Clearing Corporations) shall not be eligible for escalation from SCORES to the ODR mechanism. However, in such cases, the complainant may pursue other modes or avenues of dispute resolution or remedies available under applicable legal framework.

g) Further, in respect of complaints against Alternative Investment Funds (**AIFs**), Venture Capital Funds (**VCFs**), KYC Registration Agencies (**KRAs**) and Credit Rating Agencies (**CRAs**), where no Designated Body has been specified under this framework, the complainant may directly avail the ODR mechanism, if he/she is dissatisfied with the resolution provided by the concerned entity or where the entity fails to submit the Action Taken Report within the prescribed timeline of 21 calendar days from the date of the complaint.

3. Investor Dispute Resolution at ODR

3.1 Conciliation Stage

Where the grievance remains unresolved by the concerned DB within the prescribed timeline <u>or</u> the market intermediary fails to update the response on SCORES, <u>or</u> in cases for which no DB has been specified [as indicated in Paragraph No. 2.2(g)], <u>or</u> if the complainant is dissatisfied with the response provided by the concerned entity, the complainant shall be advised to lodge the dispute, wherever applicable, on the ODR Portal for availing Conciliation under the ODR mechanism.

3.2 Allocation of Cases to MIIs

A dispute initiated through ODR Portal will be referred to an MII, as per the below mentioned case allocation system:

a) complaints/disputes arising with a specific trading member for an exchange transaction or with a listed company, shall be referred to the relevant Stock Exchange / Commodity Derivative Exchange.

b) disputes arising with a specific depository participant/vault manager, shall be referred to the relevant Depository.

c) cases against the Market Intermediary other than those stated at points (a) and (b) above, shall be referred to all MIIs on a 'round robin' basis. However, Stock Exchanges exclusively operating in commodity derivative segment are excluded from this round robin system.

3.3 **Appointment of Conciliator by MIIs**

MIIs shall empanel a pool of Conciliators in accordance with the operational aspects specified in Paragraph No. 7. Upon receipt of a case on the ODR Portal, payment of requisite fees and submission of relevant documents from both the parties, the concerned MII shall appoint a Conciliator from their approved panel of Conciliators, as per the process mentioned in SOP, within the specified timeline. It may be noted that upon the appointment of the Conciliator, Conciliation fee paid shall not be refunded/adjusted, in case of any withdrawal of such cases, subsequently.

3.4 Conciliation process and outcome:

a) On receiving the case, the Conciliator, in one or more meetings, shall try to finalise the settlement terms, if both parties wish to resolve the dispute and agree to the draft settlement terms. The Conciliation shall become 'successful' only when both parties give their confirmation and consent for the said agreed settlement terms, in the next meeting(s), otherwise, the said Conciliation shall be treated as 'unsuccessful'.

b) In case of 'unsuccessful' Conciliation, the Conciliator will ascertain and record the Admissible Claim Value ('**ACV'**) in the Conciliation report. The Conciliator may consider advising the Market Intermediary to render required service in case of service-related complaints/disputes and/or consider issuance of findings on admissibility of the complaint/dispute or otherwise, in case of trade related complaints/dispute (as the case may be). Thereafter, parties to the dispute may take up the matter for arbitration through ODR Portal. The ACV mentioned in the Conciliation report shall be used solely for the purpose of computation of arbitration fees.

3.5 Finality of terms of settlement in Conciliation proceedings

a) MII shall display the following message on the screen for acceptance of the same at the time of commencement of Conciliation proceedings:

"In the Conciliation proceedings, if you mutually agree with the other party to amicably settle your dispute, then you will have to affirm the terms of settlement by affixing digital signature or providing electronic confirmation[1] for the same"

b) Once both the parties affix digital signatures or provide electronic confirmation on the agreed terms of settlement, then, it becomes binding on both the parties. The operational details, in this regard, may be provided in the SOP.

3.6 Arbitration stage:

In case of 'unsuccessful' Conciliation, the aggrieved party(ies) may file an online arbitration application on the ODR portal, which will be administered by an MII for facilitating and conducting Conciliation and Arbitration.

3.7 **Procedure for Appointment of Arbitrato**r

The relevant MII that receives the case shall appoint a sole independent arbitrator from its panel of arbitrators, as per the process given below:

a) **Step-I**: Parties to the dispute shall provide preferences of three names each from the panel of arbitrators. The MII shall select a common name, which is nearest to the preferences received from the parties to the dispute and such person shall act as an arbitrator in the said matter. If no common name appears from the preference of names given by the parties, then, second step shall follow.

b) **Step-II**: The MII shall appoint a sole arbitrator from the panel of arbitrators though the pre-defined Centralized Arbitrator Appointment Process ('**CAAP'**), excluding the preference of six names received from the parties in the first step. The CAAP would follow certain fixed parameters / logic, as provided in the SOP.

3.8 **Threshold for Arbitral Tribunal**

a) A sole arbitrator shall be appointed, when the aggregate value of claim and counter claim amounts to ₹30,00,000/- (Rupees Thirty Lakhs) or below or such other sum as the Board may specify from time to time.

[1] As provided in Section 3, r/w Section 5 of the IT Act, 2000 and the operational details in this regard may be as detailed in the SOP.

b) Arbitral Tribunal consisting of three Arbitrators shall be appointed, when the aggregate value of the claim / counter claim exceeds ₹30,00,000/- (Rupees Thirty Lakhs) or such amount, as may be specified by the Board from time to time.

3.9 **Appointment of three-member Arbitral Tribunal**

Each party to the dispute will choose one arbitrator from the approved panel of arbitrators. Then, the third arbitrator, shall be appointed by the concerned MII through the pre-defined CAAP, as mentioned in the Paragraph no. 3.7(b), above.

3.10 **Timeline for Arbitral Award**

After hearing both the parties and reviewing the evidence available on record, the Arbitrator/Arbitral Tribunal shall pass the arbitration award within a specified time-limit from the date of appointment/reappointment of the arbitrator(s). The arbitrator may extend the time-limit as specified after recording the reasons for the same. If the parties to the dispute do not provide any representation in the arbitral proceedings, the arbitrator may pass an ex-parte order after giving a notice of 10 calendar days to the concerned non-cooperative party(ies).

3.11 **Limitation period**

The limitation period of Arbitration shall be within the applicable law of limitation (reckoned from the date when the issue arose/occurred that has resulted in the complaint/date of the last transaction or the date of disputed transaction, whichever is later).

3 **Jurisdiction**

The venue and seat of the online Conciliation / arbitration proceedings shall be deemed to be the place as specified below:

a) In case of disputes between the complainant and the Entity, the place where the investor resides permanently or, where the complainant is not an individual, the place where it is registered in India or has its principal place of business in India, as provided in the relevant KYC documents.

b) In case the complainant is not residing in India, the registered office of the entity shall be considered.

The aggrieved party may challenge the arbitral award, under section 34 of the Arbitration and Conciliation Act, 1996, before the competent court as per the jurisdiction provided above.

4 **Interest Free Deposits Post-Arbitration Mechanism**.

4.1 In case the aggrieved party wishes to appeal against the arbitration award before the competent authority, then he / she shall give intimation about the same and make interest free deposit of 100% of the arbitration amount with the concerned MII within the stipulated time.

4.2 If the arbitration award is in favour of the Investor, and the regulated entity provides its intention to challenge the said arbitration award under section 34 of the Arbitration and Conciliation Act, 1996 within the specified timelines, such regulated entity shall be required to make interest free deposit of 100% award amount with MII, within a specified time.

4.3 Further, in the course of challenge, if the stay is not granted by the competent court within 3 months from the date of receipt of award, the regulated entity shall adhere to the terms of the arbitration award.

5 Interim Relief to the Investor

5.1 In case the arbitration award is in favour of the investor and the regulated entity has intimated the MII to challenge the award within the timelines, then, on an application made by the investor in this behalf to the relevant MII for interim relief, the MII may, from the interest free deposit received, release such amount to the investor not exceeding 50% of the award amount or ₹5,00,000/- (Rupees five lakhs), whichever is less.

5.2 On or before release of the said amount to the investor, the MII shall obtain appropriate undertaking from the investor so as to ensure return of the amount so released in the event of the challenge being decided against the investor.

5.3 If the challenge is decided against the investor, subject to the judgement of the appellate forum, such investor should return the released amounts. If the investor fails to return the amount released, then, such investor (based on PAN of the investor) shall not be allowed to trade on any of the Stock Exchanges or participate in the Indian Securities Market, till such time the investor returns the amount received as interim relief.

5.4 Further, the securities of such investor/client lying in the demat account(s) or the mutual fund holdings shall be frozen, till the time the investor returns the said amount.

6 ODR Fee Structure

6.1 **Conciliation Fee**:

The fees for Conciliation process (irrespective of claim or counter-claim value) to be paid upfront by the concerned Regulated Entity prior to the appointment of the Conciliator shall be Rs 6,000. The investor shall not be required to pay any Conciliation fee.

6.2 **Arbitration Fee**:

The fees for the arbitration process will be as under:

Admissible Claim Value / Aggregate of Claim / and / or Counter Claim (in ₹)	**Arbitration Fees (in ₹)# (to be collected by MIIs paid to Arbitrator)**
0 - 1 lakh *****	5,400
1 lakh - 10 lakh	9,000
10 lakh - 20 lakh	13,500
20 lakh - 30 lakh	18,000
30 lakh - 50 lakh	67,500**
50 lakh - 100 lakh	1,35,000**
# The arbitration fee is exclusive of applicable GST, Stamp Duty. * This slab will also be applicable for service request related disputes. ** Fee for panel of arbitrators shall be split into a ratio of 40:30:30 with the higher proportion being payable to the arbitrator writing the arbitral award. In case of dissenting award, the above ratio shall be applied as per the majority Award.	

6.3 Further, for claims of ₹1 crore and above, an ad valorem fees @ 1% of the claim value or ₹1,20,000/-, whichever is more, towards Arbitrator's Fees** (to be collected by the MIIs and paid to the arbitrator) and fees, in addition to the arbitrator's fees (to be collected by the MII), together with Applicable GST, Stamp Duty, etc. on actual outgoings, shall be applicable.

6.4 The applicable fees will be payable by both the parties to the dispute to respective MIIs at the time of initiation of arbitration by the initiator (whether the investor/client <u>or</u> the concerned Entity) and by the person against whom the arbitration has been initiated.

6.5 The arbitration fee shall be paid based on ACV as determined by the Conciliator <u>or</u> the amount claimed by the initiator as per the applicable slab. In case the amount claimed by the initiator is higher than ACV, then the initiator shall pay the arbitration fee, as per the claimed amount and the counter party shall pay the arbitration fee, as per ACV itself.

6.6 Subject to the terms of the arbitral award, the person who is successful in the arbitration proceedings shall receive a refund of the amount deposited by such person.

7 Procedure for Empanelment of Conciliators and Arbitrators

The suggested norms for empanelment of Conciliators and Arbitrators by MIIs along with the required qualifications or expertise are provided in the **Annexure - A**

8 Entities to Designated Bodies Mapping Matrix

The investor grievances, if not resolved by the Entity within 21 calendar days on SCORES platform will automatically route to the corresponding Designated Body, as listed below:

Sl. No.	Category	Designated Body
1.	Listed Companies – Equity / Debt and IPO / Prelisting / Offer Document (Debenture and Bonds)	Stock Exchanges
2.	Merchant Bankers, Bankers to an Issue, Listed Companies - Share based Employee benefits, Buyback / delisting of securities and IPO / Prelisting / Offer document (shares)	Association of Investment Bankers of India (**AIBI**)
3.	Real Estate Investment Trusts (REITs), Small and Medium Real Estate Investment Trusts (**SM REITs)**	Indian REITs Association
4.	Infrastructure Investment Trusts (**InvITs**)	Bharat InvITs Association
5.	Municipal Debt Securities	Stock Exchanges
6.	Debentures Trusts	Trustees Association of India
7.	Portfolio Managers	Association of Portfolio Managers of India (**APMI**)
8.	Mutual Funds	Association of Mutual Funds in India (**AMFI**)
9.	Depository Participants	Depositories
10.	Investment Advisors (**IA**) and Research Analyst (**RA**)	BSE Ltd.
11.	Registrars to an Issue and Share Transfer Agents (**RTAs**)	Stock Exchanges
12.	Stock Brokers	Stock Exchanges
13.	Vault Managers	Depositories

9 Timelines

The timelines for handling grievances / disputes shall be as under:

Sl.No.	Activities / Particulars	Timelines
i)	Resolution of grievance by the Market Intermediary	Within 21 working days from the date of receipt of the complaint
ii)	Complainant to opt for Pre-Conciliation Stage)	Within 7 calendar days from the date of response received from Entity.
iii)	Redressal of investor grievance by Designated Body	Within 15 calendar days from date of date of routing grievance to DB
iv)	Appointment of Conciliator by MII	Within 7 calendar days from the date of receipt of Conciliation fees or date of receipt of all requisite documents, whichever is later.
v)	Issuance of Conciliation Report	Within 21 calendar days from the date of appointment of Conciliator, Extendable by another 10 calendar days by the Conciliator
vi)	Appointment of Arbitrator	Within 7 calendar days from the date of receipt of arbitration fees or date of receipt of all requisite documents, whichever is later.
vii)	Passing of Arbitration Award	Within 3 months from the date of appointment / re-appointment of Arbitrator / Arbitral Tribunal Further, extendable by another 2 months or such period subject to discretion of the arbitrator after recording reasons in writing
viii)	Intention to file appeal against the Award	Within 7 working days from the date of receipt of the Arbitration Award from MII
ix)	Compliance of award amount in case no intention to file appeal against the arbitration award received from the Market Intermediary	Within the timeline prescribed in the Arbitration Award or within 15 calendar days from the date of receipt of award whichever is later.
x)	Interest Free Deposit of 100% of Arbitration Award Value	Within 7 calendar days from the date of giving intention to MII
xi)	Release of interim relief (up to ₹ 5 lakhs or 50% of the award amount, whichever is less) from the deposits of Market	Within 7 calendar days upon submission of undertaking.

Sl.No.	Activities / Particulars	Timelines
	Intermediary on request of the Investor.	

10 Enforcement action against market intermediaries

In case of non-compliance of any of the provisions of this Circular by the market intermediaries, the concerned Designated Bodies mentioned in Paragraph No. 8 above, shall take all necessary enforcement actions, as provided in the provisions of their relevant byelaws / registration requirements, etc. and shall follow further process as provided in SOP.

11 Non-availability of ODR Mechanism

The ODR mechanism shall not be available in the following scenarios:

a) Cases that are taken up by complainants in any other available alternative disputes resolution platforms, as per their mutually agreed terms,

b) Time barred cases beyond the period of limitation as prescribed under the Limitation Act, 1963,

c) Cases which are under Investor Education Protection Fund Authority (‘**IEPFA’**) mechanism / other regulatory authorities,

d) Cases which are pending/being adjudicated before any court of law; or any other judicial mechanism (tribunal, or consumer forum, etc.,) or under investigations by law enforcement authorities,

e) Cases, which are agreed upon in the Conciliation mechanism,

f) Cases in respect of which arbitration has already been invoked or availed before any arbitral tribunal or arbitration mechanism, including cases where arbitral proceedings are pending or an arbitral award has already been passed.

g) Cases against the Government of India / President of India or a State Government / Governor of a State.

12 Disputes to be taken up in arbitration directly

The claims / disputes involving:

a) any two set of Entities / market participants, or

b) claims / disputes of Entities against an Investor relating to recovery of outstanding dues, including pay-in obligations, fees, service related charges or similar charges, or

c) claim value of more than Rupees One Crore, or

d) claims against defaulting trading member's / market participants, as it is being addressed through the existing mechanism, via the Relevant Committee,

shall be directly escalated to arbitration stage, without a Conciliation process.

13 Standard Operating Procedures (SOP) on operational matters

MIIs shall jointly formulate the SOP governing the operational aspects of the ODR Portal. The SOP shall, *inter alia*, provide for detailed, step-by-step instructions, stages, procedures and other operational requirements, to be followed by MIIs in dealing with various operational aspects as provided in the **Annexure - B.**

14 General provisions

a) The investor grievance redressal portal, i.e., SCORES will be maintained by SEBI, however, once the case is referred to MIIs in Conciliation, the same will be on MII's portal.

b) The modalities of the ODR Portal along with the relevant operational guidelines and instructions may be specified by the Board from time to time.

c) One of the MIIs shall be the nodal MII, however the ownership and the cost incurred towards maintenance and development of the ODR Portal shall be the joint responsibility of all the MIIs who shall maintain the ODR system. Further, the respective MIIs shall deal with the dispute redressal process once it is allocated to them on the ODR Portal. The role of the Nodal MII shall be limited to coordination among the MIIs and the ODR Portal, and to matters relating to the maintenance and administration of the ODR Portal.

d) All the MIIs shall participate on the ODR Portal and facilitate access to the ODR Portal for Investors/Complainants and Market Intermediaries/ Listed companies for the resolution of disputes arising in the securities market, through time bound online Conciliation and/or online arbitration.

e) All registered Market Intermediaries and listed companies in the securities market shall register / enroll on the ODR Portal. The facility to register Market Intermediaries and listed companies on the ODR Portal by using the credentials applicable for SEBI SCORES portal / SEBI Intermediary portal may be also provided in the ODR Portal. Entities that obtain registration from the Board as an intermediary or issuers that are getting their securities listed on or after the date of implementation of this circular, shall enroll in the ODR Portal, immediately, upon grant of registration or listing, as the case may be.

f) All market intermediaries and MIIs are advised to display a link to the ODR Portal on the home page of their websites and mobile apps prominently.

g) This circular shall come into effect from **xxxx xx, 2026** (Three months from the date of issue)

15 With the issuance of this,

a) The relevant provisions of SCORES Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023, with respect to escalation of cases from Designated Bodies to Conciliation stage shall be amended.

b) The ODR Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023, as updated on December 28, 2023, shall stand rescinded and superseded by this Circular.

16 Notwithstanding such rescission, -

(a) anything done or any action taken or purported to have been done or taken under the rescinded circulars, prior to such rescission, shall be deemed to have been done or taken under the corresponding provisions of this Circular; and

(b) any application made to the Board under the rescinded circulars prior to such rescission, and pending before it, shall be deemed to have been made under the corresponding provisions of this Circular; and,

(c) the previous operation of the rescinded circulars or anything done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded circulars, any penalty, incurred in respect of any violation committed against the rescinded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall not be affected by such rescission and shall be enforceable as if the rescinded circulars had continued to be in force.

(d) All matters that are appealable before the Securities Appellate Tribunal in terms of Section 15T of SEBI Act, 1992 (other than matters escalated through SCORES portal in accordance with SEBI SCORES Circular), Sections 22A and 23L of Securities Contracts (Regulation) Act, 1956 and 23A of Depositories Act, 1996 shall be outside the purview of the ODR Portal.

17 The MIIs are directed to:

a) make necessary amendments to the relevant byelaws, rules, and regulations for the implementation of the above decision immediately;

b) disseminate the aforesaid provisions on their website and bring the same to the notice of all stakeholders including the Market Participants and investors/clients in the Indian Securities Market.

18 This Circular is being issued in exercise of 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.

19 This Circular is available on SEBI website at www.sebi.gov.in in the path “Legal > Circulars”.

Yours sincerely,

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Enclosures : Annexure A and Annexure B

Annexure - A

Suggested Norms for Empanelment of Conciliators and Arbitrators by MIIs

1. Age limit: between 40 years to 75 years.

2. Qualification in the area of law, finance, including securities market, accounts, economics, technology, management, or administration.

3. Experience: Minimum 10 years of experience as provided below.

4. Professional experience as outlined below could be considered:

    a. Financial services including securities market i.e. Banks, NBFCs, MIIs, other intermediaries of securities market and practicing professional;

    b. Legal services – Certified professionals handling Conciliation, and /or arbitration independently; and/or

    c. Ex-officials from the Indian financial sector regulators viz., the Insurance Regulatory and Development Authority, the Pension Funds Regulatory and Development Authority, the Reserve Bank of India and the Securities and Exchange Board of India.

5. Knowledge and Skills such as:

    a. Knowledge on the functioning of the securities market;

    b. Securities Laws and Arbitration & Conciliation laws in India;

    c. Proficiency in English language (reading, writing and speaking);

    d. Proficiency in one or two regional languages and ability to read and / speak - required for communication and for effective dispute resolution;

    e. Legal drafting and communications skills;

    f. Decision making skills required for imparting fair judgement;

6. The Conciliators and Arbitrators should satisfy the following criteria for empanelment:

    a. The person has a general reputation and record of fairness and integrity, including but not limited to (i) financial integrity; (ii) good reputation and character; and (iii) honesty;

    b. The person has not been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;

c. The person has not been declared insolvent and if yes, has not been discharged;

d. No order, restraining, prohibiting or debarring the person, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority;

e. No other order is passed against the person, which has a bearing on the securities market;

f. The person has not been found to be of unsound mind by a court of competent jurisdiction; and

g. The person is financially sound and has not been categorized as a willful defaulter.

7. The person empaneled as a Conciliator across MIIs shall not be empaneled as an arbitrator across MIIs and vice versa.

Annexure - B

SOP on Operational Aspects in SCORES and ODR Mechanism

1. MIIs, in consultation with SEBI, shall finalize SOP in dealing with various operational aspects on the following:

    a) **Lodging of claims**: Standard formats and the list of Documents required for lodging disputes for each category of claims (to the extent feasible),

    b) **Pre-Conciliation**: Defining the role of Designated bodies at the pre-Conciliation stage conditions under which the claim / disputes be returned, including the format recording proceedings and any other procedural requirements.

    c) **Conciliation / Arbitration**: Defining the role and responsibilities of the Conciliator / arbitrator; the procedure of selection of Conciliator / arbitrator, the process and manner of initiation, format for recording proceedings, maintenance of records, scope of authorized representatives attending Conciliation/Arbitration, exception handling viz., proceedings not completed within timelines etc.

    d) **Empanelment of Neutrals**: Procedure for empanelment of Conciliators / Arbitrators, due diligences to be conducted by MIIs during and post empanelment and relevant declarations / code of conduct to be taken from them, Internal process to review the existing panel of neutral, etc.

    e) **Conduct of Neutral**: Comprehensive framework for conduct of Conciliator and Arbitrator during the proceedings, guidelines for conflict of interest etc.

    f) **Enforcement Action:** Process to be followed by the Designated Bodies and MIIs for taking enforcement actions to be initiated against the Market Intermediaries and listed companies, in case of non-compliance of provisions of this Circular

    g) **Chronic complaints**: Categorization and identification of cases, which are chronic in nature, duplicate, ineligible, frivolous disputes etc., along with the actions to be undertaken by MIIs on such complaints.

    h) Provisions relating to payment of Fees

    i) Procedures for Feedback of ODR Mechanism,

    j) MIS Reports and Any other operational matters.

2. The SOP shall be uploaded on the ODR Portal for reference of users. It shall be reviewed jointly by the MIIs and SEBI at regular intervals and in any case at least

once every year, to ensure smooth and efficient functioning of the ODR Portal. Any changes or revisions arising from such review shall be implemented by MIIs in a time-bound manner.

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