



demystifying arbitration



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

1st floor, Mahindra Towers, RBC, Worli, Mumbai - 400 018.

Tel. No: 91-22-496 0525. Fax No: 91-22-493 5631.

Website: www.nse.co.in



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**



Q. Can the parties to the dispute request for interest on the claim amount?

A. The arbitrator may include interest on the claim amount for which the award is made at a particular rate of interest and period as the arbitrator deems reasonable.

Q. Is there any appeal provision for arbitration at the Exchange?

A. No, there is no appeal provision for arbitration at the Exchange. However, the aggrieved party can make an application to the appropriate court to set aside the award given by a Sole Arbitrator or Panel of Arbitrators, under the provisions of the Arbitration and Conciliation Act, 1996.

Q. When does the Award become a decree?

A. The award becomes a decree when the time for making an application to set aside the award has expired i.e. after expiry of 3 months from the date of receipt of award or the application for setting aside the Award having been made, has been refused by the appropriate court.

In such a case the award shall be enforced as if it were a decree of the Court under the provisions of the Arbitration and Conciliation Act 1996.

Disclaimer: The information contained herein is subject to change without prior notice. While every effort is made to ensure accuracy and completeness of information contained, the Exchange makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information for any claim, demand or cause of action.

Please refer to relevant regulations and circulars in case of specific cases and problems.

Q. Can one request for a hearing in case the claim difference or dispute is a small amount?

A. No hearing is afforded to the parties to the dispute if the value of the claim difference or dispute is Rs.25,000 or less. However, if the value of claim, difference or dispute is more than Rs.25,000, the arbitrator shall offer to hear the parties to the dispute unless both parties waive their rights for such hearing in writing.

Q. Can the Sole Arbitrator or Panel of Arbitrators grant an adjournment of hearing?

A. Yes, if either of the parties want an adjournment of hearing, they should make an application in writing to the Exchange giving reasons for seeking adjournment to the Exchange in advance to enable the Exchange to forward such request to the arbitrator. The arbitrator at his/her discretion may grant the adjournment subject to such conditions as deemed fit by him/her.

Q. Can the Award be given on agreed terms?

A. Yes, if after the appointment of an arbitrator, the parties settle the dispute amicably then the arbitrator will record the settlement of the dispute in the form of an arbitration award on agreed terms.

Q. How is an award made by the Sole Arbitrator/Panel of Arbitrators?

A. An Award shall be given in writing and made in three originals duly dated and signed by the Sole Arbitrator or in case of a Panel of Arbitrators by all the three arbitrators.

We, at the National Stock Exchange strive to continuously upgrade our service levels and make the system more investor-friendly. Hence, to redress investor complaints, we have formed the Investor Grievance Cell (IGC).

The IGC is manned by a team of professionals who possess relevant experience in the areas of capital markets, company and legal affairs; specially trained to listen to you, identify your problem, find and execute a solution at the earliest. A valid complaint lodged by the investor is closely monitored through a unique number given to it. The IGC initiates a follow-up on the complaint received. On exhausting all means, if the matter remains unresolved, it is referred to Arbitration.

Q. What is Arbitration?

A. Arbitration is an alternative dispute resolution mechanism provided by the Exchange for resolving disputes between the trading members and between trading members & constituents (i.e. clients of trading members), in respect of trades done on the Exchange. This process of resolving a dispute is comparatively faster than other means of redressal.

Q. Who are the persons who can act as Arbitrators?

A. The Exchange provides a list of eligible persons approved by SEBI for each of the Regional Arbitration centres. The persons who form part of the list of Arbitrators are persons who possess an expertise in their respective fields including banking, finance, legal (judges) and capital market areas (brokers).

Q. Who can avail the facility of arbitration on the Exchange?

A. The facility of arbitration on the Exchange can be availed by:

1. Investors who have dealt on the Exchange through its trading members and who possess a valid contract note issued by the trading member of the Exchange.
2. Investors who have dealt on the Exchange through registered sub-brokers of the trading members of NSE and who possess valid sale/purchase note issued by the registered sub-broker.
3. Trading members who have a claim, dispute or difference with another trading member or a constituent.

Q. What is the period for filing an application for arbitration in the event of there being a claim, difference or dispute?

A. An application for arbitration has to be filed within 6 months from the date of dispute.

Q. What are the other fees, charges, costs to be borne by the parties to the dispute?

A. All fees and charges relating to the appointment of the arbitrator and conduct of arbitration proceedings shall be borne by the parties to the reference equally or in such proportions as may be decided by the Arbitrator. Such fees/charges are recovered from the deposits made while filing the arbitration application & balance amount, if any, is refunded to the parties. The costs, if any, to be awarded to either of the parties 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. Unless the arbitrator directs otherwise, each party shall bear their own expenses of travelling and other incidental expenses incurred.

Q. How is an Arbitrator appointed?

A. 1. The appointment of an Arbitrator is linked to the claim amount. If the claim amount is Rs.25 lakhs or less, then a Sole Arbitrator is appointed and if the claim amount is more than Rs.25 lakhs, then a panel of three arbitrators is appointed.

2. The parties to arbitration should submit to the Exchange the names (in order of descending preferences) from the list of eligible persons specified by the Exchange to act as arbitrators for the respective RAC. The number of persons to be so selected by the parties shall be seven if the RAC is Mumbai and five in Delhi, Calcutta and Chennai. Upon receiving the Form No.II from both the parties, the Exchange identifies the most common Sole Arbitrator or Panel of Arbitrators to whom the highest preference has been given by both the parties.

3. In case no common Sole Arbitrator or Panel of Arbitrators is/ are identifiable, the Exchange shall select the Sole Arbitrator or Panel of Arbitrators from the list of persons eligible to act as arbitrators.

Q. What is the amount of deposits to be given to the Exchange by a trading member for filing an application for arbitration?

A. Based on the claim amount, the trading member is required to furnish deposit to the Exchange whether they are an applicant or a respondent.

Sr. No.	Amount of claim	Amount of deposit
1	Upto Rs.5 lakhs	Rs.4000
2	Rs.5 lakhs and above and upto Rs.25 lakhs	Rs.6000
3	Above Rs.25 lakhs	Rs.12000

Besides the above mentioned deposits, the Exchange may call for additional deposits if in its opinion the deposits made are insufficient to cover the expenses of arbitration. The additional deposits will form a part of the deposits and shall be dealt with accordingly.

Q. Should an investor (who has dealt on the Exchange through its trading member) give a deposit to the Exchange for filing an application for arbitration?

A. In case an investor (constituent of the trading member) is an applicant or respondent then he/she is required to furnish deposit to the Exchange based on the claim amount as under:

Sr. No.	Amount of claim	Amount of deposit
1	Upto Rs.5 lakhs	Nil*
2	Rs.5 lakhs and upto Rs.25 lakhs	Rs.6000
3	Above Rs.25 lakhs	Rs.12000

Besides the above mentioned deposits, the Exchange may call for additional deposits if the deposits made are insufficient to cover the expenses of arbitration. The additional deposits will form a part of the deposits and shall be dealt with accordingly.

**Upto a claim of Rs 5 lakhs, the expenses for arbitration are borne by the Exchange on behalf of the constituent.*

Q. What is the format for filing an application for arbitration by a constituent/trading member against the trading member/constituent?

A. The trading member/constituent should submit an application to the Exchange for arbitration in Form No. I (three copies in case of sole arbitrator and five copies in case of panel of arbitrators) along with the following documents:

- (i) Statement of Case (containing all the relevant details about the dispute and the relief sought)
- (ii) Statement of Accounts
- (iii) Copies of Member - Constituent Agreement
- (iv) Copies of the relevant Contract Notes, Sale/Purchase Notes (in case of registered sub-broker) and Bills
- (v) A cheque/pay order/demand draft for the deposit payable at the Regional Arbitration Centre in favour of National Stock Exchange of India Limited.
- (vi) Form No.II enlisting the names of arbitrators selected by the applicant from the list of eligible persons provided by the Exchange.

Q. Where are the arbitration cases conducted by the Exchange?

A. At present, arbitration is conducted by the Exchange at Mumbai, Delhi, Calcutta and Chennai. They are referred to as Regional Arbitration Centers (RAC)s. The states covered by each RAC are as follows:

Seats of Arbitration - REGIONAL ARBITRATION CENTRES	STATES COVERED BY THE RAC
DELHI	Delhi, Haryana, Uttar Pradesh, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh, Rajasthan.
CALCUTTA	West Bengal, Bihar, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura.
CHENNAI	Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Andaman & Nicobar, Lakshadweep, Pondicherry.
MUMBAI	Maharashtra, Gujarat, Goa, Daman, Diu, Dadra & Nagar Haveli, Madhya Pradesh.

A person has to approach the concerned RAC as mentioned above.

Q. Are there any criteria for filing the application at any particular Regional Arbitration Center (RAC)?

A. The criteria for filing an application at a RAC are

Parties to Dispute	Place of filing the Application for Arbitration	Place of hearing
TM* v/s TM*	<p>a) If the dealing offices of both the trading members from where the dealing was done is situated in any one of the states covered by a particular RAC then the application for arbitration should be filed by the Applicant – Trading Member in that RAC.</p> <p>b) If the dealing offices of both the trading members from where the dealing was carried out is situated in states covered by different RACs then the application for arbitration should be filed in the RAC covering the state in which the Respondent – Trading Member’s dealing office is situated.</p>	The hearing shall be held at the RAC where the Applicant – Trading Member has filed the application for arbitration and the Respondent – Trading Member should attend the hearing in that particular RAC.
TM* v/s C* & C* v/s TM*	The application for arbitration should be filed by the applicant at the RAC covering the state in which the dealing office of the trading member is situated.	The hearing shall be held in the RAC where the applicant has filed the application for arbitration and the respondent should attend the hearing in that particular RAC.

* "TM" stands for "Trading Member" and "C" stands for "Constituent".