

## **Guide for investors for lodging complaints against TRE certificate holders**

*The receipt of complaints enables Exchange to identify trading violations, which could impact investor confidence or affect fairness in the stock market. Using complaint information Exchange can identify the weak areas in relevant regulations or in there and make necessary arrangements for fixing the same.*

### **1. When a client can lodge complaint against a TRE Certificate Holder?**

Losing money through dealing in securities is not in itself reason enough for a client to have a case registered against a TRE Certificate Holder.. However, it is the responsibility of the TRE Certificate Holder to invest money according to the client's instructions. There are certain malpractices against which a client can lodge a complaint such as:

- Unauthorized trading (Sale/Purchase)
- Unauthorized transfer/movement of shares
- Non-provision of statements of account
- Non-provision of trade confirmations within 24 hours
- Overcharged Commission
- Failure to execute investors' instructions/orders
- Non-delivery of securities
- Non-transfer of funds
- Unauthorized transfer of funds

### **2. What are the different streams through which a problem with a Stock Exchange TRE Certificate Holder can be settled?**

There are three possible recourses for the client in regards to filing a complaint but prior to this it is strongly suggested that the complaint should be taken up directly with the TRE Certificate Holder. This will not only save time but may help to preserve the trust and confidence between TRE Certificate Holder and client.

#### **Permanent Arbitration Panel:**

The client has the option of bringing their complaints to the management of the Exchange. As a front line regulator, the Exchange is empowered to take cognizance of complaints against the TRE Certificate Holder. Being dissatisfied with the response(s) of TRE Certificate Holder, the complainant may apply for Arbitration as per the relevant rules and regulations of the Exchange. The sole Arbitrator/ sub-panel of the Arbitration Panel on the basis of documents submitted and explanation presented in support of statements made by both the parties at dispute may pass an Arbitration Award as per the relevant rules and regulations of the Exchange.

**SECP:**

The client can also lodge his/ her complaint with the Investor Compliant Wing which has been setup at SECP to ensure that grievances/ complaints of the general public are heard and redressed, in a quick and efficient manner. The SECP may forward all the complaints received by the Investor Compliant Wing against TRE Certificate Holders to the Default and Arbitration Wing of the Regulatory Affairs Department (RAD) of the Exchange for further processing.

**Civil Court:**

The clients can also file their complaint with the Civil Courts.

**3. What is Arbitration? Who are the persons who can act as Arbitrators?**

Arbitration is an alternative dispute resolution mechanism provided by the Exchange for those persons who do not wish to go to Court. Through this method disputes between Brokers in terse, or between any of the Brokers and their clients, or between any of the Brokers and their Authorized Agents or between Authorized Agent(s) and their clients in connection with any trade or transaction and is not otherwise settled amicably, shall be referred to arbitration. This process of resolving a dispute is comparatively faster than litigation.

Arbitration Panel consists of TRE Certificate Holders, senior management staff of the Exchange and industry experts. The industry experts include advocates, professional accountants or other persons having knowledge or experience in the field of law, trade, commerce, industry, arbitration, securities market or the fields ancillary to the stock market, i.e., Central Depository System, National Clearing and Settlement System, etc. in accordance with procedures laid down by the Exchange from time to time and subject to concurrence from the Commission. For further details please refer to relevant regulation of Rule Book of the Exchange.

**4. Who can avail the facility of Arbitration on the Exchange?**

The facility of arbitration on the Exchange can be availed by;

- i. Brokers interse, or any of the Brokers and their clients.
- ii. Brokers and their Authorized Agents or Authorized Agent(s) and their clients.

**5. What is the period for filing an application for Arbitration in the event of a claim, difference or dispute?**

The Sole Arbitrator/ Sub Panel of Arbitrators shall not take cognizance of any claim or dispute which is not referred to it within three year from the date it arose.

Further claim may be admitted after the lapse of three years but not more than 10 years if the investor is able to demonstrate that the delay was due to reasons beyond his control.

For further details please refer to chapter no. 18 'Investors' Claims, Brokers' Disputes and Arbitration Regulations' of Rule Book.

## **6. What is the Process for filing an application for Arbitration with the Exchange?**

The procedure for arbitration is as follows:

- A.** The client can file an application for Arbitration with the Exchange.
- B.** Copies of the following documents may be submitted along with the application to support the claim:
  - a) Copy of NIC (in case of companies NIC of the authorized representative)
  - b) Account opening form of the complainant
  - c) CDC sub-account opening form/ Individual investor account
  - d) Relevant Share Deposit receipts.
  - e) Relevant Trade confirmations slips/ sale-purchase bills
  - f) Relevant cash receipts and payments made
  - g) Relevant CDC reports and statements
  - h) Any other document signed by the complainant or TRE Certificate Holder during the course of business.
  - i) An undertaking to abide by the rules and regulations of the Exchange.
- C.** Claims/disputes up to five hundred thousand rupees shall be referred for arbitration to the Sole Arbitrator. Claims over five hundred thousand rupees shall be forwarded to the Sub-Panel for its action.
- D.** The sole Arbitrator/ sub panel of the Arbitration Panel on the basis of documents submitted and explanation presented in support of statements made by the parties at dispute may pass an Arbitration Award as per the relevant rules and regulations of the Exchange.
- E.** According to Exchange Rules and Regulations a party to a dispute that is dissatisfied with any award of the Sole Arbitrator or the Sub Panel, as the case may be, may appeal to the RAC against such an Award within fifteen working days of receipt of the Award.

## **7. How is an Award made by the Sole Arbitrator/Panel of Arbitrators?**

If both parties to the dispute are present at the appointed date, time and place, the Sole Arbitrator/Sub Panel shall proceed to hear the matter and give the award.

If the defendant is not present or shows his inability to attend the hearing at the appointed date, time and place for two consecutive times, the Sole Arbitrator/ Sub Panel may hear and decide the dispute ex-parte, and if the party making the complaint has shown his inability to attend or fails to make himself available for hearing at the appointed date, time and place for two consecutive times, the Sole Arbitrator/Sub Panel may dismiss the complaint summarily.

## **8. What is the time limit for disposing off an arbitration application?**

An application received and found acceptable after scrutiny shall be disposed-off within ninety days of its receipt including the award of Sole Arbitrator/ Sub Panel. However, if the application is not disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to both the parties to the dispute and the Commission. The time extension granted by the CRO or anyone nominated by CRO shall be indicated in the communication, which shall not exceed thirty working days from the expiry date of the prescribed ninety (90) days.