

Arbitration – Frequently asked questions

1. What is “Arbitration”?

Ans. Arbitration is a quasi judicial process of settlement of disputes between Trading Member, investor, clearing member, sub-brokers etc. Arbitration aims at quicker legal resolution for the disputes. When one of the parties feels that the complaint has not been resolved satisfactorily either by the other party or through the complaint resolution process of the Exchange, the parties may choose the route of arbitration.

2. Who can apply for arbitration?

Ans. One of the parties to the dispute who wants legal remedy for resolving dispute could apply for arbitration. In other words investor, sub-broker, trading member or clearing member can apply for arbitration.

3. What are the different forms / documents required to be submitted while applying for arbitration?

Ans. Lists of documents that are required to be submitted are provided below.

Forms / Document	Purpose
Mandatory	
1. Form no. I	Application for arbitration
2. Form no. II	For providing Arbitrator preference in descending order
3. Statement of Case	Brief description of the case date wise, the basis of arriving at the claim amount and relief sought through arbitration.
4. Cheque /Pay Order/Demand Draft	Towards cost of arbitration.
Additional Documents *	
5. Statement of Accounts	Incase of dispute for funds / securities
6. Copies of the relevant Contract Notes & Bills	Relevant to the matter or as per the direction given by the arbitrator

* In case investor does not have additional documents at the time of making application, same may be submitted during the course of arbitration.

4. How do I obtain arbitration application forms, if I wish to apply for Arbitration?

Ans. Arbitration application forms are available on Exchange website at http://www.nseindia.com/content/assist/asst_arb_forms.zip and applicant may download the same and use the form for making application. Alternatively, investors may request for forms by sending an email to ignse@nse.co.in along with the complete postal address, so that the forms can be mailed to them.

5. Where can investor file arbitration against the trading member?

Ans. The application for arbitration has to be filed at the Regional Arbitration Centre (RAC) viz. Mumbai, Delhi, Kolkata or Chennai covering the state in which the Constituent ordinarily resides.

Seats of Arbitration – Regional Arbitration Centres (RACs)	States covered by the RAC
DELHI	Delhi, Haryana, Uttar Pradesh, Uttaranchal, Himachal Pradesh, Punjab, Jammu & Kashmir, Chandigarh, Rajasthan
KOLKATA	West Bengal, Bihar, Jharkhand, Orissa, Assam, Arunachal Pradesh, Mizoram, Manipur, Sikkim, Meghalaya, Nagaland, Tripura, Chhattisgarh
CHENNAI	Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Andaman & Nicobar, Lakshadweep, Pondicherry
MUMBAI	Maharashtra, Gujarat, Goa, Daman, Diu, Dadra & Nagar Haveli, Madhya Pradesh

6. How is arbitrator appointed? For a case, how is the number of Arbitrator determined?
Ans. If the value of claim made by applicant or counter claim made by the other party is less than or equal to Rs. 25 lakh, sole Arbitrator is appointed.
If the value is more than Rs. 25 Lakh, panel of three Arbitrators is constituted.

7. Who can represent the arbitration matter on behalf of the investor?
Ans. Investor may attend the arbitration proceedings and defend the matter on his own or authorize a representative to defend the matter. He also has the opportunity to use services of an advocate to represent the matter.

8. What is a hearing? Are hearing required in all matters?
Ans. Hearing is a process, wherein the investor and trading member appear before the Arbitrator at the Exchange premises to present their case.

In case the claim amount is less than Rs. 25,000 the Arbitrator may hold hearing to pass the award else he may pass the award based on the documents submitted by both the parties.

If the claim amount is more than Rs. 25,000 Arbitrator holds hearing at the Exchange premises.

9. What is the time required for completion of arbitration proceedings?
Ans. The arbitrator is required to complete arbitration proceedings within three months from the date of initial (first) hearing and pass the award. However, the period can be extended by three more months to complete the arbitration proceedings and pass the award.

10. What is an "Award"?
Ans. Award is a judgment passed by the arbitrator which gives decision on dispute, clearly stating the action that the parties have to take.

11. How is award implemented?
Ans. Award may be passed in favour of investor or trading member. When award is passed in favour of investor, the Exchange ensures implementation of the award.

The trading member may settle the award and confirm the same to the Exchange. In case, trading member fails to settle the award, the award amount is kept aside. On expiry of three months from the date of receipt of award, the award amount is released to the investor if trading member has not challenged the award in court.

If the trading member challenges the award in court, the award amount kept aside is dealt as per the court order.

12. What if there are errors in the award? Can it be rectified?
Ans. The investor is required to make an application under section 33 of the Arbitration and Conciliation Act, 1996 within thirty days from the receipt of the arbitral award with the Exchange for getting errors rectified. The Exchange forwards a copy of application to the arbitrator for carrying out the correction.

13. What if investor wants to seek interpretation on a specific point or part of the award?
Ans. The investor is required to make an application under section 33 of the Arbitration and Conciliation Act, 1996 within thirty days from the receipt of the arbitral award with the Exchange for seeking interpretation. The Exchange forwards a copy of application to the arbitrator for giving interpretation on the specific point or part of the award.

14. What if investor wants an additional award on the claims presented before the Arbitrator but omitted in the award?

Ans. The investor is required to make an application under section 33 of the Arbitration and Conciliation Act, 1996 within thirty days from the receipt of the arbitral award with the Exchange for making an additional award for the claims presented in arbitral proceeding but omitted from the award. The Exchange forwards a copy of application to the arbitrator for giving an additional award.

15. What if either of the parties is not satisfied with the Award passed by the arbitrator?

Ans. If either of the parties is not satisfied with the Award, the aggrieved party may approach the appropriate court with an application for setting aside the award under section 34 of the Arbitration and Conciliation Act, 1996 within a period of three months from the date of receipt of the Award.

16. What are the deposits collected towards cost of arbitration? Is it one time, or additional amount is required to be paid towards cost of arbitration?

Ans. The parties are required to deposit the cost of arbitration depending on the claim as under:

S. no.	Amount of Claim / Counter Claim (higher amount to be considered)	Amount of deposit
1	Upto Rs. 10 lakhs	Rs.10,000/- (deposit is taken only from the trading member and not from the investor)
2	More than Rs.10 Lakhs but less than or equal to Rs.25 Lakhs.	Rs.12,000/-
3	Above Rs.25 Lakhs	Rs.18,000/-

Additional deposit may be called towards cost of arbitration from the parties depending on the number of hearings held in the matter.

In case the investor files arbitration against issuer (listed companies), he is required to deposit the cost of arbitration even if the claim amount is less than Rs. 10 Lakh.

17. What will be the status of the complaint filed with Investor Services Cell (ISC), if arbitration is initiated against the trading member?

Ans. Once arbitration proceedings are initiated against the trading member, the complaint filed with the Investor Services Cell (ISC) is treated as closed.

18. What if arbitration application is not filed within six months from the date of claim, difference or dispute?

Ans. If the arbitration application is not filed within six months from the date of claim, difference or dispute, the matter may suffer on limitation. However, the issue regarding limitation is decided by the arbitrator in the award after considering the submissions made by the parties to arbitration.

19. Who bears the cost of arbitration? Is there any different approach for a retail investor?

Ans. The Arbitrator decides in the award as to which party should bear the cost of arbitration.

In respect of arbitration matters, where the claim amount is less than Rs. 10 lakhs, the investor is not required to pay the cost of arbitration, the Exchange bears the cost of arbitration on behalf of investor (Investor may be applicant or respondent).