

## FAQ

### 1. How do investors will know about declaration of trading member as defaulter or its expulsion?

On declaration of trading member as a defaulter, the Exchange issues a Public Notice in newspapers. The list of trading members who have been declared as defaulters/expelled alongwith copy of public notice is available on the Exchange's website

[https://www.bseindia.com/static/members/List\\_defaulters\\_Expelled\\_members.aspx](https://www.bseindia.com/static/members/List_defaulters_Expelled_members.aspx)

Moreover, Exchange sends email and SMS to the registered clients of Defaulter/Expelled Member on their email id and Mobile No., updated by trading members in Unique Client Code database, regarding expulsion of trading member and/ or declaration of trading member as defaulter and inviting outstanding claims, if any w.r.t trades executed on BSE platform within the specified period.

### 2. What is the timeline for lodging claim against defaulters?

Investors having outstanding claim, w.r.t trades executed on BSE platform, against the Defaulter Member are required to register a claim within 90 days from the date of the Public Notice (Specified period).

E.g. In case a public notice is issued on say November 15, 2020. Accordingly, 90 days specified period would commence from November 16, 2020 and the 90<sup>th</sup> day i.e. last day for submission of claim would be February 13, 2021.

Further, investors filing their claims after the specified period are required to provide reasons for delay in filing the claim and should satisfy the IPF that the claim could not have been filed before the end of specified period for the reasons beyond the control of the claimant.

### 3. How to register claim?

The investors can file their claim at the concerned regional Investor Centre of BSE Ltd., the list of which is available on Exchange's website at the following link:

[https://www.bseindia.com/static/investors/cac\\_tm.aspx](https://www.bseindia.com/static/investors/cac_tm.aspx)

or

The investor can send their claim with supporting documents on email at [claims.defaulter@bseindia.com](mailto:claims.defaulter@bseindia.com)

or

The investors can also lodge their claims through Exchange's website under e-Complaint Registration, a link for which is given below:

<https://bsecrecs.bseindia.com/ecomplaint/frmlInvestorHome.aspx>

### 4. Documents required along with claim

Along with duly filled and signed claim form, Investors are required to submit following documents;

- a. Ledger statement,
- b. Bank statement indicating payments to defaulter broker and receipt of monies from defaulter broker
- c. Demat transaction statement issued by Depositories,
- d. NSE trade file,
- e. PAN copy etc.

The Exchange may call for additional information from the claimants, if required.

**5. Which type of claims shall be considered for compensation from IPF and what is the eligible amount payable?**

**a) Non-receipt of delivery of securities:**

provided that,

- i. Trades should have been executed on BSE's trading platform.
- ii. Investor should have paid to broker the purchases and he should not have received the delivery of securities for which he has paid.

The actual purchase consideration amount paid by the claimant to the member for the transaction shall only be eligible to the extent of consideration not received or adjusted or adjustable by the member.

**b) Non-receipt of credit balance / non-receipt of sales proceeds:**

provided that,

- i. Trades should have been executed on BSE's trading platform.
- ii. Investor should have delivered the securities to the broker and the same should be reflected in his demat account. The actual sale price or monies which has not been received by the investor would be considered for payment from IPF.

In case of sale transactions, the actual sale consideration receivable by the claimant from the member will only be eligible to the extent not already received or adjusted or adjustable, provided the claimant has provided the securities to the member.

The credit balance arising out of BSE trades, if utilized for purchases at other Exchange, the same shall not be considered for payment

**6. Will the claims relate to the transactions carried out on other exchanges are admissible?**

No. Transactions carried out on stock exchange, other than BSE are not admissible for pay-out from BSE IPF

**7. What type of transactions are termed as speculative and not admissible?**

The following transactions are termed as Speculative and not admissible:

- a) Transactions that are squared up on the same day

e.g. profit arising out of purchase and sale of shares on same day or vice-versa

b) Where the nature of transaction is a speculative

e.g. Transaction in which a contract for Purchase or sale of shares which is periodically or ultimately settled otherwise than by the actual delivery or transfer of script.

## **8. What are the Loan transactions?**

The following transactions are considered to be loan transactions:

a) Funds and securities given to the stock broker, prior to the date of registering the client code in the Unique Client Code database of the stock exchange.

Example: Client A gives Rs. 1 Lac to the broker on January 1, 2020. The client is registered in Exchange UCC Database on July 20, 2020. The member declared defaulter on August 1, 2020. Claim for Rs. 1 lac not admissible.

b) As per the SEBI prescribed guidelines, the member is required to settle the client's account in maximum 90 days. Therefore, in the event, where the client's funds and securities is retained with the stock broker beyond mandatory settlement period and if the client has failed to file a complaint with the Stock Exchange within one month from such default.

e.g. The trade executed on June 15, 2020, and the account will have to be settled latest by September 13, 2020. In case the client does not lodge the claim by October 13, 2020, his claim would not be eligible for compensation from IPF.

## **9. Where can investor check the status of his claim:**

Investor can check the status of his claim at below mentioned link by submitting his PAN and Mobile number:

<https://www.bseindia.com/investors/invclaim.aspx>

## **10. Maximum compensation payable from IPF?**

The maximum compensation per investor payable from IPF amount is Rs. 15 lakhs or claim admitted by Member Committee whichever is lower.