

Dated: 28<sup>th</sup> August, 2020

## **NOTICE**

Trading Members & listed entities are hereby informed that the Exchange has received a Circular from SEBI Vide Ref. No SEBI/HO/OIAE/IGRD/CIR/P/2020/152, dated August 13, 2020 regarding Investor grievances redressal mechanism – Handling of SCORES complaints by stock exchanges and Standard Operating Procedure for non-redressal of grievances by listed companies. The contents of the said circular are reproduced hereunder for information of trading members.

**Quote: -**

### **CIRCULAR**

SEBI/HO/OIAE/IGRD/CIR/P/2020/152

13 August, 2020

To,  
All companies whose securities are listed on SEBI recognized Stock Exchanges (through Stock Exchanges)  
All Recognized Stock Exchanges  
All Depositories  
All Investor Associations

Dear Sir/ Madam,

**Sub: Investor grievances redressal mechanism – Handling of SCORES complaints by stock exchanges and Standard Operating Procedure for non-redressal of grievances by listed companies.**

1. This circular is issued in continuation of SEBI circular nos. SEBI/HO/OIAE/IGRD/CIR/P/2018/58 dated 26 March, 2018 regarding redressal of investor grievances through SEBI Complaints Redress System (SCORES) platform and SEBI/HO/CFD/CMD/CIR/P/2020/12 dated 22 January, 2020 on non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ( Listing Regulations).
2. In terms of SEBI circular SEBI/HO/CFD/CMD/CIR/P/2020/12 dated 22 January, 2020, Stock Exchanges shall, having regard to the interest of investors and the securities market, inter alia take action against listed companies for non-compliance with the provisions of the Listing Regulations and circulars/guidelines issued thereunder, including failure to ensure expeditious redressal of investor complaints under Regulation 13 of the Listing Regulations.
3. This circular lays down the procedure for handling complaints by the stock exchanges as well as standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances.

### **Handling of complaints by stock exchanges:**

4. Stock exchanges will be the first recourse for certain categories of complaints against listed companies as provided in Annexure-2. The procedure and actions mentioned below will be applicable for these categories of complaints only.
5. Investors are encouraged to initially take up their grievances for redressal with the concerned listed company directly. SCORES platform can also be used to submit grievances directly to the company for resolution, if the complainant has not approached the company earlier. Companies are expected to resolve the complaint directly.
6. In case the company does not redress the complaint within 30 days from the date of receipt of the complaint, such direct complaints shall be forwarded to Designated Stock Exchange (DSE) through SCORES.
7. At the time of lodging the complaint through SCORES platform, in case the complainant had approached the company earlier, the complainant shall submit all such details of the complaint in SCORES i.e., period of cause of event, date of grievance taken up with the entity, address of the company corresponded earlier, etc. Such complaints shall be forwarded to the DSE.
8. Upon receipt of the complaint through SCORES platform, the DSE shall take up the complaint with the company. The company is required to redress the complaint and submit an Action Taken Report (ATR) within 30 days from the date of receipt of such complaint.
9. In case the ATR is not submitted by the company within 30 days or DSE is of the opinion that the complaint is not adequately redressed and the complaint remains pending beyond 30 days, a reminder shall be issued by DSE to the listed company through SCORES directing expeditious redressal of the grievance within another 30 days.
10. On being adequately satisfied with the response of the company with respect to the complaint, the stock exchange shall submit an ATR to SEBI.
11. For any failure to redress investor grievances pending beyond 60 days by listed companies, stock exchange shall initiate appropriate action against the listed company as detailed below.

### **Action for failure to redress investor complaints:**

12. Stock exchanges shall levy a fine of Rs. 1000 per day per complaint on the listed entity for violation of Regulation 13 (1) of SEBI (LODR) Regulations, 2015 read with SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated 22 January, 2020.
13. Fines shall also be levied on companies which are suspended from trading.
14. DSE shall issue a notice to the listed entity intimating them about the levy of fines while also directing them to submit ATRs on the pending complaints and payment of

finer within 15 days from the date of such notice.

15. In case the listed entity fails to redress the grievances and/or pay fine levied within 15 days from the date of such notice, the concerned DSE shall issue notices to the promoter(s) of such entities, to ensure submission of ATRs on the pending complaints and payment of fines by the listed entity within 10 days from the date of such notice.
16. In case the listed entity fails to comply with the aforesaid requirement and/ or pay fine levied within the stipulated period as per the notices, the DSE shall forthwith intimate the depositories to freeze the entire shareholding of the promoters and promoter group in such entity as well as all other securities held in the demat account of the promoter and promoter group.
17. The depository(ies) shall immediately freeze such demat accounts and also intimate the promoter(s) about the details of non-compliances resulting in freezing of their demat accounts.
18. In case listed entity fails to pay the fine or resolve the complaint despite receipt of the notice as stated above, the DSE may initiate other action as deemed appropriate.
19. While issuing the aforementioned notices, the DSE shall also send intimation to other recognized stock exchange(s) where the shares of the non-compliant entity are listed.
20. Once stock exchange(s) has exhausted all options and if number of pending complaints exceed 20 or the value involved is more than Rs. 10 lakhs, stock exchanges shall forward the complaints against such listed companies to SEBI for further action, if any.
21. Stock exchanges may deviate from the above (Para 12-20), if found necessary, only after recording reasons in writing.
22. Stock exchanges shall intimate SEBI through SCORES about all actions taken against the listed company for non-resolution of the complaints and non-payment of fines.
23. The time-line for handling complaints along with timelines on the actions to be taken by stock exchanges for non-resolution of investor grievances is provided in **Annexure – 1**.
24. Fine shall be computed and levied on a monthly basis during the non-compliance period.
25. Fine amount shall continue to accrue till the date of redressal of grievance /filing of ATR by the company or till the company is compulsorily delisted, whichever is earlier.

**Action after redressal of investor grievance by the company:**

26. Company will be treated as compliant if it has redressed investor's complaint and has paid fines (if any) levied.

27. In case the promoters' shareholding is frozen by the Exchange, an intimation shall be given to depositories to unfreeze the promoter / promoter group holdings from the date of such compliance.
28. If the company has redressed the investor's complaint but has not paid the accrued fines, the Exchange shall stop levying further fines. However, the promoters' shareholdings shall remain frozen till the payment of accrued fines.
29. If the company has not redressed the investor's complaint but has paid the accrued fines, the Exchange shall continue to levy the fines and may initiate action as deemed appropriate.
30. The recognized stock exchanges shall take necessary steps to implement this circular. The recognized stock exchanges shall disclose on their website the action(s) taken against the listed entities for non-compliance(s) with grievances; amount of fine levied, details regarding the freezing of shares, compliance etc.
31. The above provisions are without prejudice to the power of SEBI to take action under the securities laws.
32. The recognized stock exchanges are advised to bring the provisions of this Circular to the notice of listed entities and the listed entities shall in turn bring the same to the notice of their promoter/promoter group.
33. The recognized stock exchanges may keep in abeyance the action against any non-compliant entity or withdraw the action in specific cases where specific exemption from compliance with the requirements under the Listing Regulations/moratorium on enforcement proceedings has been provided for under any Act, Court/Tribunal Orders etc.
34. The circular shall come into force from 01 September, 2020.
35. This Circular is 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.
36. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal".

**Yours faithfully, Medha Sonparote General Manager**  
**Investor Grievance Redressal Division**  
**Office of Investor Assistance and Education**  
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## Annexure -1

### Timelines for handling of complaints and actions in case of non-compliances

Sr No.	Activity	No of calendar days
1.	<b>Complaint handling:</b>	
a.	Complaint received in SCORES by the listed company	T
b.	Response to be obtained from Listed Company	Within T+30
c.	If no response received, alert to Listed company in the form of reminder for non-redressal of complaint	T+31
d.	Response to be obtained from Listed Company	Within T+60
2.	<b>Action in case of non-compliances:</b>	
a.	Notice to Listed company intimating the fine @ Rs. 1000/- per day, per complaint to be levied for not resolving the complaints within 60 days	T+61
b.	Notice to Promoters for non-resolution of complaints and non-payment of fine to the stock exchange.	T+76
c.	Freezing of promoters shareholdings (i.e. entire shareholding of the promoter and promoter group in listed company as well as all other securities held in the demat account of the promoter and promoter group) in demat account.	T+86
d.	Stock exchanges may take any other actions, as deemed appropriate.	
e.	Once Stock exchange has exhausted all options and if number of pending complaints exceed 20 or the value involved is more than Rs. 10 lakhs, the Exchange to forward the details of such Listed companies to SEBI for further action, if any	

## Annexure -2

### **Nature of complaints for which the circular is applicable**

1. Non updation of address /Signature or Corrections etc
2. Non-receipt of Bonus
3. Non receipt of Dividend
4. Non receipt duplicate debt securities certificate
5. Non-receipt of duplicate share certificate
6. Non receipt of fractional entitlement
7. Non receipt of interest for delay in dividend
8. Non receipt of interest for delay in payment of interest on debt security
9. Non receipt of interest for delay in redemption proceeds of debt security
10. Non receipt of interest for delay in refunds
11. Non receipt of interest on securities
12. Non receipt of redemption amount of debt securities
13. Non receipt of refund in Public/ Rights issue
14. Non receipt of Rights Issue form
15. Non receipt of securities after conversion/ endorsement/ consolidation/ splitting
16. Non receipt of securities after transfer
17. Non receipt of securities in public/ rights issue
18. Non receipt of shares after conversion/ endorsement/ consolidation/ splitting
19. Non receipt of shares after transfer
20. Non receipt of shares after transmission
21. Non receipt of shares in public/ rights issue (including allotment letter)
22. Non-receipt of interest for delay in dispatch/credit of securities
23. Receipt of refund/ dividend in physical mode instead of electronic mode
24. Receipt of shares in physical mode instead of electronic mode
25. Demat/Remat
26. Any other nature as may be informed from time to time

However, the stock exchanges shall not handle the following type of complaints and forward the complaints as directed below:-

<b>Sl. No.</b>	<b>Grievances Pertaining to</b>	<b>Process for handling complaints</b>
1.	a. Deposits u/s 73 & 74 of Companies Act, 2013 b. Complaint against Nidhi Companies. c. All matters as delegated under overriding powers under Companies Act 2013 d. Complaints pertaining to dividend and securities transferred to IEPF	Forward the complaint to MCA under intimation to Complainant.
2.	Pension funds	Forward the complaint to Pension Fund Regulatory and

<b>Sl. No.</b>	<b>Grievances Pertaining to</b>	<b>Process for handling complaints</b>
		Development Authority (PFRDA) under intimation to Complainant.
3.	Monopoly and anti-competitive practices	Forward the complaint to Competition Commission of India (CCI) under intimation to Complainant.
4.	Chit Funds	Request complainant to approach Registrars of Chit Funds of the concerned state
5.	Insurance Companies /Brokers/ Agents/products and Service	Forward the complaint to Insurance Regulatory and Development Authority of India (IRDAI) under intimation to Complainant
6.	Housing Finance Companies	Request complainant to approach National Housing Bank (NHB)
7.	a. Companies where moratorium order is passed against the company in winding up/ insolvency proceedings.  b. Companies under liquidation and official liquidator has been appointed	Request complainant to approach NCLT or the official liquidator

**Unquote: -**

Trading Members and listed entities are requested to take note of the aforesaid guidelines of SEBI and act accordingly.

**Dhiraj Chakraborty**  
**Compliance Officer**