

**In The Matter Of Arbitration Under The Rules, Regulation And By
Laws Of The National Stock Exchange Of India Limited.**

Arbitration Case No. NSE-SB-2024-01-614949

Before

Sole Arbitrator.....

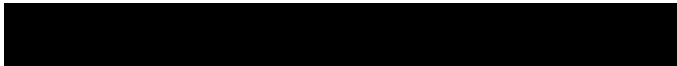


Between



.....Claimant

And

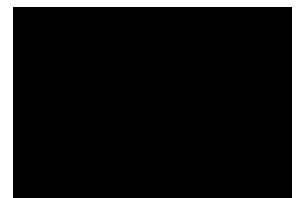


.....Respondent

AWARD.

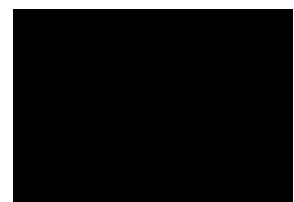
Heard both parties at length and perused the available records.

Claimant had opened an account with [REDACTED] on 12.05.2017 for trading in futures and options. At that time interest was not charging on margin amount for trading in futures and Options. The [REDACTED] was merged with [REDACTED] w.e.f. from 01.01.2019. The [REDACTED] informed her that though the [REDACTED] has merged with them the trading terms and conditions will remain same as it was in [REDACTED]. Respondent took fresh Power Of Attorney (POA) from her on 05.09.2018 (Annex.6), in which the name of [REDACTED] was removed and [REDACTED] name was incorporated and all other Terms and Conditions were remain same. Her holdings of shares were transferred to [REDACTED] with same trading terms.



Later on she found that the respondent is debiting interest on margin amount, from 01.01.2019, without giving any information to her. As per SEBI/NSE guide lines, any hike in brokerage, interest or any other charges to be debited, must be informed to the clients. But respondent did not do so. According to SEBI circulars respondent did not inform to the claimant about charged interest on margin amount, calculation, of the delay payment/interest charged. Then she lodged a complaint to NSE in this regard, but NSE rejected the complaint of claimant, by saying that if [REDACTED] has not charged interest that does not mean that [REDACTED] can't charge. And also told me to file a case on technical grounds.

According to the claimant procedure adopted by the respondent for calculation of the interest on the basis of SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 Dated 25/02/2020 was wrong, because this circular was to be implemented w.e.f. from 02.05.2022. Therefore respondent has wrongly charged the interest on margin amount trading for futures and options on the basis of above SEBI circular. She argued that list of shares already pledged by her, under clause (b) on 01.01.2020 to CC/CM as per SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated 25.02.2020. 50% of margin, as per above SEBI circular was to be implemented w.e.f. from 02.05.2022. In spite of several E-mails, letters and notices, send by the claimant, respondent did not supply the detailed calculation, part payment charges debited. Respondent had charged Rs.5,86,157.93/, then why he is not providing the details of the calculations on the basis of which he has charged above interest on margin. As per SEBI/NSE guide lines respondent has to furnish the information sought by the clients pertaining to financial issues, but respondent failed to furnish the detail of calculations.



Respondent has argued that 50% collateral securities be deposited by the client, but nowhere mentioned in the SEBI circular that 50% cash is to be deposited by the client. On the other hand cash and cash equivalent is mentioned. In para 2 of SEBI circular it has been mentioned that TM/CM shall inter alia accept collateral from clients in the form of securities. If POA is given by client to TM/CM it may be allowed to execute the margin pledge. The record shows, in reply dated:-19.03.24, that claimant has provided the list of shares pledged. Thus it is clear that for the safe guard to broker/clients only who having margin/collateral be allowed to trade. This shows that respondent has not pledged the share of CC/CM to charge interest from the claimant as per Annexure-5. As per SEBI circular dated:- 25.02.2020, interest to be charged on 50% of margin amount if collateral is not provided. On the other hand record shows that respondent has charged interest on full margin amount while the claimant has pledged the shares.

It has been argued by the claimant that interest charged on margin amount from 01.01.2020 to 13.12.2021 amounting Rs.5,86,157.93 is based on wrong calculation.

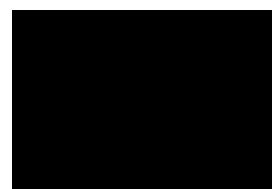
For example the difference of interest for one week is as below,

Respondent has charged Delay Payment ChargesRs.4093.16

As per claimant calculation net margin due amount.....Rs.2473.35

Excess interest charged by respondent.....Rs.1619.81

The detail calculations are given in para. 5.1 and 5.2 of the petition by claimant herself. The claimant has argued that despite several efforts respondent did not provide the detail calculation of the interest charged on margin amount statement which the respondent was bound to provide as per SEBI/NSE guide lines. According to the calculations given by claimant, Rs.586157.93. the interest collected on margin amount from 01.01.2020 to 13.12.2021 by the respondent is refundable to the claimant as per table given below.



1. Total Amount Debited under Delay payment Charges.From

01.01.2020 to 31.03.20 1.4.2020 to 31.3.21 1.4.21 to 13.12..21

Rs. 63885.89

Rs. 49566.21

Rs. 89227.61

2. interest on MTM Payable.

Rs9977.77

Rs. 4970.52

Rs. 47634.49

3. Net Excess Charged (Interest on margin amount)

Rs. 53874

Rs. 490690.69

Rs. 41593.12

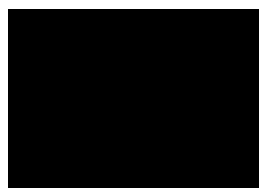
Therefore the total Amount Refundable Rs.586157.93.

From the above discussion I come to the conclusion that, claimant is successful to prove her case beyond reasonable doubt and she is successful in her claim.

ORDER.

The Respondent is directed to refund Rs.5,86,157.93/ with interest @17% P.A. from the dates of debits as delay payment charges, and will pay Rs.25000/ as compensation and Rs.25000/ as legal charges (expenditure) to the claimant.

Dated:-



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Sole Arbitrator

