



महाराष्ट्र MAHARASHTRA

2024

CU 657142

379683 12/5/24 2024 मुद्रांक 500/-  
प्रकार... Arbitration Award

दस्त नोंदणी करणार आहेत का ? होय / नाही

मिळकतीचे वर्णन

मुद्रांक विकत घेणाऱ्याचे नांव

पत्ता

दुसऱ्या पक्षकाराचे नांव

हस्ते व्यक्तीचे नांव व पत्ता

ज्या कारणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी त्याच कारणासाठी

मुद्रांक खरेदी केल्यापासून ६ महिन्यात यावरचे मुद्रांक आहे.

उपस्थित (सॅम्पल केडर)

परवाना क्र. 2201092

विशेषकारी पुणे-१५

मुद्रांक विकत घेणाऱ्याची सही



ARBITRATION AWARD  
Matter No: NSE-SB-2024-05-480848

**BEFORE THE SOLE ARBITRATOR [REDACTED]**  
**IN THE MATTER OF ARBITRATION UNDER MASTER CIRCULAR FOR**  
**ONLINE RESOLUTION OF DISPUTES IN THE INDIAN SECURITIES**  
**MARKET**

**ARBITRATION AWARD**

**Matter No: NSE-SB-2024-05-480848**

**Between**

[REDACTED]

Address: [REDACTED]

Phone: [REDACTED]

Email: [REDACTED]

PAN: [REDACTED]

**Complainant/ Applicant**

**And**

[REDACTED]

Email: [REDACTED]

Address: [REDACTED]

[REDACTED]

[REDACTED]

**Respondent**

**For Claimant:** [REDACTED]

**For Respondent:** [REDACTED]

[REDACTED]

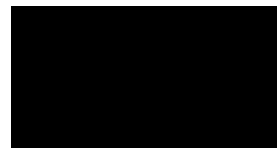
CORD (Centre for Online Resolution of Dispute) is an independent institution facilitating and administering electronic Alternative Dispute Resolution via its online platform, <https://platform.resolveoncord.com>, also referred to as Online Dispute Resolution (“ODR”) Institution, having its registered office at Bangalore.

CORD has been empanelled by the National Stock Exchange in accordance with the SEBI Master Circular No. SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/145 dated August 11, 2023 (“SEBI Circular”) as may be amended/modified from time to time, for undertaking time-bound online Conciliation and online Arbitration.

The above-mentioned matter was referred to CORD via SMARTODR.IN (“ODR Portal”), a common Portal established by the Market Infrastructure Institutions (“MII”) in accordance with the SEBI Circular, for harnessing online Conciliation and online Arbitration for resolution of disputes arising in the Indian Securities Market. Further, the parties have accepted the terms and conditions of ODR Portal.

The undersigned has been appointed as Sole Arbitrator on the 09th of September 2024 by CORD, in the present matter.

1. The Claimant as an investor is the constituent of the Respondent with UCC No. [REDACTED] for placing and execution of transactions.
2. The Respondent is a trading and clearing member of NSE and it is engaged in carrying out its business as broker in accordance with the provisions of the rules, regulations and bye laws of the exchange. AS an intermediary it is providing internet based facility and securities trading through the use of wireless technology and includes the use of devices such as mobile phone, laptop with data card etc.
3. The present reference is dated 9<sup>th</sup> September, 2024 and lodged under A.M. NO. NSE-SB-[REDACTED]
4. The hearings in the matter, took place on 08.10.2024 and 15.10.2024. The Applicant appeared in person and Respondent was represented through its Authorized officer.
5. The Hearing was held on Zoom Meeting as per the convenience of the parties and the Ld. Arbitrators.
6. Before invoking the jurisdiction of the present tribunal the claimant has approached the ODR portal for conciliation of the dispute.

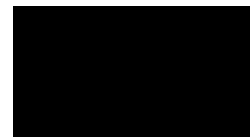


7. Not satisfied with the conciliation report, the claimant has filed the claim petition before this tribunal through ODR platform for adjudication of the dispute.

#### **I. CONTENTIONS RAISED BY THE CLAIMANT:**

The claimant has submitted the statement of claim setting out the facts giving rise to the present claim against the respondent as indicated in the following paras:-

1. According to the claimant he is a Chartered Accountant aged 32 and he trades in Nifty and Bank Nifty options using algorithmic systems. [REDACTED] has integrated with a trade execution system called Stoxxo, among others. Stoxxo works on APIs provided by [REDACTED]. He executes all trades using this system.
2. On 18th April, at 13.26pm a move occurred in Nifty which led to spikes in put option prices. There was an MTM sq off set by him in the said trade execution system where if the loss hits a particular amount, all outstanding positions would be squared off by the system. As soon as this MTM amount was hit in the system, the system ordered to square off all positions. However, there was no response from the broker's end for about 20 seconds, leading to another attempt at squaring off all his positions. However, there was no response again from the broker for a while, hence there was one more attempt to square off all his positions. Once again, there was no response from the broker and one more attempt was made to square off position. There were multiple attempts made but there was no response from the broker. If there is no status update or response from the broker or the broker API regarding the orders attempted by the system, a retry would be made by the system - normally, an order is placed by the system and executed by the broker in less than one second. However, at 13.26pm, because there was no response or even a status update from the broker's end for ~20 seconds, it led to multiple orders being placed and resulting in additional buying positions, over and above the outstanding sold positions. This has resulted in additional losses in his account without any fault at his end.
3. The claimant in the statement of claim has provided the details of the excess orders for client Id No. [REDACTED] placed due to the aforementioned lag. The total outstanding sold qty was 3780. Hence, ideally the total outstanding bought qty should be 3780. The total bought qty however, was 13,830, ie, 3.6 times the size of the total outstanding sold positions. The claimant has given the details of orders dated 18.04.2024 starting 13.26 PM for the order placed, whether time lag or not in execution of order, total quantity showing excess orders executed.
4. According to the claimant, such details clearly show that due to lag of 18 to 20 seconds and no response from the [REDACTED], additional orders were attempted (that is bound to happen because the normal order execution time is about 0.07 seconds i.e., 15 orders per second.



5. The order execution time was approximately 285 times slower as compared to normal execution time.
6. The period between 13.27pm and 14.00pm was spent trying to understand the authenticity of the orders placed and squaring them off. Call logs and recordings will show multiple calls made to the [REDACTED] immediately after 1327pm ([REDACTED] handles the system trading tech at [REDACTED]) – call recordings will also show that the [REDACTED] erred in confirming the orders. The final square off happened at 14.03pm.
7. The claimant met various officials of the respondent and they assured to examine his issue but did not promise him any compensation as a gesture in good faith.
8. After almost a week, they sent him a response that Stoxxo logs are not available with them (despite he having shared the same with them multiple times since 18 April). They responded to his 10 questions with a 3 line email, again with no mention of the API lease line being choked.
9. The claimant was not satisfied with the response and therefore, approached the social media and even the higher authorities of the respondent and sent many e-mails but none came to his rescue to resolve the issue of losses of Rs. 7.34 lakh suffered by him due to the time lag occurred in the system of the respondent.
10. The claimant, therefore, prays that the claim be allowed and the respondents be directed to make good the losses suffered by him.

## II. RESPONSE PROVIDED BY THE TM:

The respondent has filed a statement of defence, the contents of the same are given below:-

1 . The Respondent is a trading and clearing member of National Stock Exchange of India Limited (NSE) and carrying out its business as broker in accordance with the provisions of the rules, regulations and bye-laws of the exchange. The Respondent is a Company incorporated under the Companies Act, 1956.

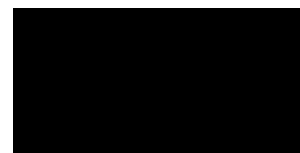
2. The Respondent is an intermediary providing Internet Based Trading (IBT) Facility and securities trading through the use of wireless technology that shall include the use of devices such as mobile phone, laptop with data card etc. as under:

Web - Trader Terminal - [REDACTED]

Mobile App - [REDACTED]

Call And Trade - [REDACTED]

3. The Claimant wished to invest and/or do the trading in exchange platform through the Respondent and for availing the above services, the claimant have opened trading and demat account on 31.01.2022 with the Respondent after executing documents as





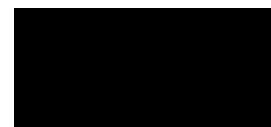
prescribed by SEBI & Exchanges. The Applicant had allotted a Unique Client Code: [REDACTED] for placing and execution of the transactions.

4. After opening of account the claimant had requested for APIs. Thereafter, the Respondent has provided their APIs to be used with own trading tools of the Applicant. With the help of APIs the clients can build their trading interface customized to their need while using their account with the Respondent.

5. The Claimant is the regular trader who carries on trade in his account from time to time and completely aware about the volatility in the market and also on the alleged disputed date, the market was highly volatile. .

6. On 18.04.2024, the claimant himself executed the below mentioned contracts/trades by placing orders himself by using APIs and were executed by the Respondent immediately as received through API without any delay as per the set criteria by the claimant.

Sr No.	Security/Contract	Buy Qty	Sell Qty
1.	OPTIDX BANKNIFTY 24-Apr-2024 45500.00 PE	1260	1260
2.	OPTIDX BANKNIFTY 24-Apr-2024 47300.00 PE	720	720
3.	OPTIDX BANKNIFTY 24-Apr-2024 47400.00 PE	90	90
4.	OPTIDX BANKNIFTY 24-Apr-2024 47600.00 CE	450	450
5.	OPTIDX BANKNIFTY 24-Apr-2024 47600.00 PE	720	720
6.	OPTIDX BANKNIFTY 24-Apr-2024 47700.00 CE	450	450
7.	OPTIDX BANKNIFTY 24-Apr-2024 47700.00 PE	450	450
8.	OPTIDX BANKNIFTY 24-Apr-2024 47800.00 CE	450	450
9.	OPTIDX BANKNIFTY 24-Apr-2024 47900.00 CE	360	360
10.	OPTIDX BANKNIFTY 24-Apr-2024 48200.00 CE	450	450
11.	OPTIDX BANKNIFTY 24-Apr-2024 49700.00 CE	1260	1260
12.	OPTIDX FINNIFTY 23-Apr-2024 20400.00 PE	720	720
13.	OPTIDX FINNIFTY 23-Apr-2024 21150.00 CE	1200	1200
14.	OPTIDX FINNIFTY 23-Apr-2024 21150.00 PE	960	960
15.	OPTIDX FINNIFTY 23-Apr-2024 21900.00 CE	720	720
16.	OPTIDX NIFTY 18-Apr-2024 21850.00 PE	5400	5400



17.	OPTIDX NIFTY 18-Apr-2024 22150.00 CE	300	300
18.	OPTIDX NIFTY 18-Apr-2024 22150.00 PE	300	300
19.	OPTIDX NIFTY 18-Apr-2024 22200.00 CE	900	900
20.	OPTIDX NIFTY 18-Apr-2024 22250.00 CE	2400	2400
21.	OPTIDX NIFTY 18-Apr-2024 22250.00 CE	1200	1200
22.	OPTIDX NIFTY 18-Apr-2024 22250.00 PE	1500	1500
23.	OPTIDX NIFTY 18-Apr-2024 22300.00 CE	1800	1800
24.	OPTIDX NIFTY 18-Apr-2024 22300.00 PE	3000	3000
25.	OPTIDX NIFTY 18-Apr-2024 22350.00 CE	300	300
26.	OPTIDX NIFTY 18-Apr-2024 22650.00 CE	1800	1800

7. The F&O expiry date typically triggers significant volatility across the stock market. This volatility hinges on the settlement of derivative contracts, which can sway market sentiment toward bullish or bearish directions.

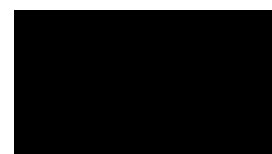
8. It is difficult to believe that the Claimant had around 2400, 900 & 480 qty of NIFTY, BANKNIFTY & FINNIFTY respectively and the claimant tried to square off his open position by pressing “Square Off” button/tab multiple times in system hence 5400, 2970 & 1680 qty executed respectively.

9. That incase the Respondent multiply the quantity in NIFTY, BANKNIFTY & FINNIFTY: 2400 qty by 2/3 times, then the 4800/7200 quantity would arrive and will not arrive 5400 qty in NIFTY 900 qty by 3/4 times, then the 2700/3600 qty would arrive and will not arrive 2970 qty in BANKNIFTY 480 qty by 3/4 times, then the 1440/1920 qty would arrive and will not arrive 1680 qty in FINNIFTY 5 as claimed by the claimant. The claim of the claimant is a clear after thought, concocted story and nothing but an unfair attempt by the claimant to recover the losses by extorting monies from the Respondent.

10. The Respondent clarified that there was no technical issue from their end and the said trades were carried by the claimant by using API. Further there were no stop loss-limit orders pending in the Exchange against the open positions of the claimant.

11. If the claimant has been facing any issues at the time of placing the order, the claimant should have contacted the Customer Service immediately to assist him to place his order/request instead of placing multiple orders one after the other. However, the claimant has failed to do so for the reason best known to him.

12. Further, it is noteworthy that there were multiple orders placed by the claimant and since those multiple orders were not cancelled by the claimant, the same were executed at their end due to which the claimant had incurred losses, and the Respondent is not liable for the same. Further, it is an admitted position that the multiple orders were



placed by the claimant. In the event, the multiple orders were not placed by the claimant, the loss could have been restricted.

13. At the time of account opening, the claimant was completely made aware about the terms and conditions mentioned in the account opening documents and important documents were highlighted and also was cautioned about the danger and pitfalls of Derivatives Segment Trading to the claimant. The claimant never raised any dispute about the terms and conditions mentioned in account opening documents and important documents duly signed and accepted by him. These documents are.

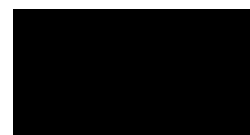
- i) SEBI Circular dated 22.08.2011 wherein the “Rights and Obligations of Stock Brokers, Sub-Brokers and Clients as prescribed by SEBI & Stock Exchanges” wherein detailed guidelines regarding INTERNET & WIRELESS TECHNOLOGY BASED TRADING FACILITY PROVIDED BY STOCK BROKERS TO CLIENT are highlighted. The relevant clauses of the said circular are reproduced hereunder: -

“ 9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker’s IBT Service will be available to the Client at all times without any interruption.

10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, nonavailability or malfunctioning of the Stock broker’s IBT System or Service or the Exchange’s service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.”

- ii) SEBI Circular dated 22.08.2011 wherein the “Risk Disclosure Document for Capital Market and Derivatives Segments” inter alia, states

“ In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk. You must know and appreciate that the trading in equity shares, derivatives contracts or other instruments traded on the Stock Exchange, which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on Stock Exchanges and suffer adverse consequences or loss, you shall be solely responsible for the same.....The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits of no exception from losses while executing orders





for purchase and/or sale of a derivative contract being traded on Stock Exchange.”

- iii) 1.7 System Risk: High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

1.7.1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

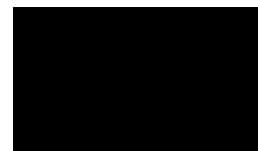
1.8 System/Network Congestion: Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

14. The claimant has traded in the derivative segment market and bought their respective positions in above mentioned contracts, which is a valid and enforceable contract executed between the parties. Thus, the claimant cannot retract from his open positions and his own trading decisions and are liable for the loss. It is known that trading in share market especially in F&O Segment is beset with many risks over which no individual can have control.

15. If the profit occurs it belongs to the claimant and in the same spirit if the losses occur, they also belong to the claimant as he is the sole beneficiary of his account and Respondent/Trading Member acts only as an intermediary between the Exchange and Claimant/Client.

16. The Respondent has a strong case on merits. The balance of convenience is in favour of the Respondent.

17. In the above circumstances, the Respondent stated that the Complaint is of notional nature, primarily grounded in the concept of opportunity loss and should be dismissed in limine.



18. The Statement of defence of the case is filed by the Authorized Representative of the Respondent as per Board Resolution dated 02.07.2024.

19. The respondent has prayed that the claim is devoid of merit, incorrect & notional in nature and deserves to be dismissed in totality along with cost.

### **III. AS PER THE PERUSAL OF THE RECORD AND SUBMISSIONS MADE BY THE PARTIES THE FOLLOWING POINT/ISSUES ARISES FOR DETERMINATION:-**

#### **Issues for determination:**

1. Whether on 18.04.2024 at 13.26 pm there was an issue of status update in the system of [REDACTED]/its [REDACTED] ?
2. Whether there was time lag in the order placed and order executed on 18.04.2024?
3. Whether the claimant has suffered loss of Rs.7.34 lakh due to the system failure/technical glitch at the level of the TM?
4. Whether the claim is maintainable or not?

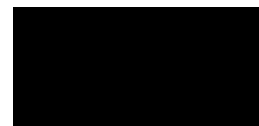
### **IV. DISCUSSIONS AND ANALYSIS:**

After careful consideration of the pleadings, evidence and both oral and written arguments submitted by the parties. I would like to make the issue-wise observations and conclusions as under:-

**Issue No.1:** Whether on 18.04.2024 at 13.26 pm there was an issue of status update in the system of [REDACTED]/its [REDACTED] ?

Admittedly the claimant is a registered investor having Unique Client Code: [REDACTED] for placing and execution of the transactions. He was trading through the [REDACTED] of the respondent. On the disputed date on 18.04.2024 the claimant had set MTM square off in the trade execution system where if the loss hits a particular amount, all outstanding positions would be squared off by the system. As soon as this MTM amount was hit in the system, the system ordered to square off all positions. However, as per the claimant there was no response from the broker's end for about 20 seconds, leading to another attempt at squaring off all his positions. However, there was no response again from the broker for a while, hence there was one more attempt to square off all his positions. Once again, there was no response from the broker and one more attempt was made to square off position. There were multiple attempts made by the claimant but there was no response from the broker.

If there is no status update or response from the broker or the broker API regarding the orders attempted by the system, a retry would be made by the system - normally, an order is placed by the system and executed by the broker in less than one second.



However, at 13.26pm, because there was no response or even a status update from the broker's end for ~20 seconds, it led to multiple orders being placed and resulting in additional buying positions, over and above the outstanding sold positions.

This has resulted in additional losses in the claimant's account.

During the course of the arbitral proceedings, the claimant submitted an affidavit u/s 65 of the Indian Evidence Act 1872, stating that he has been using stoxxo trading software of the respondent. The said software clearly alerts the user in case there is an issue with the user internet connection. The stoxxo logs were shared by the claimant with the respondents through e-mail clearly show that at 13.26 pm on 18.04.2024 there was no internet connection issue. However at 22.28 pm on the same day there was an issue in the internet connection which was alerted by stoxxo. Further the computer and internet connection used by him were operating properly.

Thus as per claimant his internet and system were operating properly on the disputed date and time. The screen was not showing the status update for about 20 seconds when the [REDACTED] amount was hit in the system and the system ordered to square off all positions. In the absence of the status update from the [REDACTED]'s end, the claimant made 2-3 more attempts to square off his positions and in that process excess quantity was bought in the client's account causing him a net loss of Rs.7.34 lakh.

The following table shows that Instead of 3780 quantity, 10050 excess quantity was bought in the claimant's account:

	<b>Outstanding sold qty at 13.26pm in Client A/C [REDACTED] ([REDACTED])</b>	<b>Excess Qty bought.</b>
Nifty	2400	5400
Bank Nifty	900	2970
Finnifty	480	1680
<b>Total</b>	<b>3780</b>	<b>10050</b>

Due to excess buy in the account of the claimant, he has suffered loss of Rs. 7.34 lakh as tabulated here below by the claimant:

<b>Premiums realised on [REDACTED] [REDACTED]</b>	<b>Premium Received</b>	<b>Premium Paid</b>	<b>Net Premium (lost)/gained due to excess positions taken due to [REDACTED] [REDACTED]</b>
Nifty - 5400 qty	6,15,288	14,66,262	-8,50,974



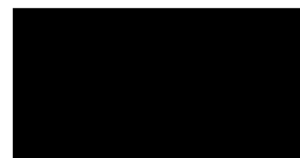
Bank Nifty - 2970 qty	9,87,190	9,32,358	54,833
Finnifty - 1680 qty	2,42,446	2,35,044	7,402
Excess options sold (5820 qty)	94,965	40,725	54,240
			-7,34,500

The Claimant has claimed the losses suffered on account of [REDACTED]. In this context, I have gone through the affidavit dated 13.10.2024, U/s 65 B of Indian Evidence Act, wherein the claimant stated that there was no internet connection issues with the users internet connection on the disputed date at 13.26 pm. He has also attached the STOXXO logs shared with the [REDACTED] in April, 2024. The perusal of the logs shows that at 13:26:59:99, square off initiated for user and was enabled and subsequently on multiple occasions up to 13:27:25:11, the square off initiated were enabled. This clearly shows that the claimant himself tried to square off his open position by pressing square off button/tab multiple times in the system. The claimant has failed to lead any evidence to show that the status of his squaring off position was not updated and displayed in the system. The assertions made by the claimant are contrary to his own affidavit and the logs attached therewith. On the other hand the respondent has drawn the attention towards duly signed and accepted KYC, rights and obligations of stock brokers/sub brokers and clients as per SEBI guidelines dated 22.08.2011 on internet and wireless technology based trading facility provided by stock brokers to the client. The relevant excerpts are reproduced below:

*“ 9. The client is aware that trading over the internet involves many uncertain factors and complex hardware, software, systems, communication lines, peripherals, etc. are susceptible to interruptions and dislocations. The Stock broker and the Exchange do not make any representation or warranty that the Stock broker’s IBT Service will be available to the Client at all times without any interruption.*

*10. The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non availability or malfunctioning of the Stock broker’s IBT System or Service or the Exchange’s service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the stock broker/Exchanges.”*

The said provisions clearly provide that the respondent or its agent or the exchange are not liable to compensate the claimant under the circumstances allegedly faced by the claimant.



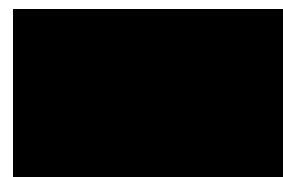
I agree with the arguments advanced by the respondent in this regard and discard the explanation given by the claimant. Therefore, the Issue No.1 is decided against the claimant.

**Issue No.2 :** Whether there was time lag in the order placed and order executed on 18.04.2024?

As per claimant there was time lag shown in the system in the placement of order and its execution as there was some technical issues at the [REDACTED]'s end as he was carrying out the trade by using [REDACTED]. In this regard it is admitted position that the claimant had requested for [REDACTED]s after opening the account with the [REDACTED]. The [REDACTED] provided their [REDACTED]s to be used with the own trading tools by the claimant. On 18.04.2024 at 13.26 hours there was no technical glitch in the system of the respondent. The Respondent has submitted the security audit report date 24.09.2024 from [REDACTED] Kharghar, Navi Mumbai-410210. In the said report it has been opined that there is no technical glitch in the XTS application used by the respondent on the relevant date 18.04.2024 and during the relevant time 13.28 to 13.33 pm. The report has been prepared as per the frame work laid down in the SEBI circular dated 25.11.2022 on the subject-existence or otherwise of 'Technical glitch'. According to the respondent there was no stop loss limit order pending in the exchange against the open positions of the claimant. The claimant himself has placed multiple orders and is responsible for the losses suffered by him.

The respondent has therefore, proved from the audit report regarding non existence of any technical glitch at their end. Rather the STOXXO logs relied upon by the claimant dos not show any time lag in the placement and execution of the orders from 13.26:55:59pm to 13.27:38:64 pm, on 18.04.2024. The scrutiny of the said logs goes on to prove that the claimant had on multiple times initiated the squaring off his positions and the same were executed during the said period. Further the respondent has drawn attention to clause 1.8-system /Network congestion in the SEBI circular dated 22.08.2011. The relevant excerpt is as under:

*1.8 System/Network Congestion: Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.*



Therefore, it is amply proved that there was no time lag in the placement and execution of the order, as alleged by the claimant. Even otherwise, the respondent is not liable for any losses suffered as mentioned the aforesaid clause.

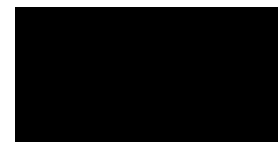
Hence this issue is also decided against the claimant.

**Issue No.3 :** Whether the claimant has suffered loss of Rs.7.34 lakh due to the system failure/ technical glitch at the level of the [REDACTED]?

The claimant has not been able to establish any technical glitch in the system of the respondent on the disputed date and time. On the other hand the technical audit report submitted by the respondent has gone un-rebutted in the hands of the claimant. The claimant's own affidavit and the document attached therewith are of no help to him to establish any technical glitch at any level while placing and executing the orders. The claimant is not therefore, entitled to take the benefit of his own wrongs as he has suffered losses due to his own acts of omissions and commissions. Therefore, this issue is also decided against the claimant.

**Issue No.4 :** Whether the claim is maintainable or not?

The claimant has relied on the information retrieved from the internet where similarly situated investor has been compensated by Zerodha another [REDACTED] registered with NSE. I have gone through the information shared by the claimant in this regard. The facts of the case referred to are different than the facts of the case in hand. In the Zerodha matter the [REDACTED] owned the responsibility of error occurred at the developer end and it was not a network problem or any technical glitch. Moreover, the user of service in that matter had shared screen shots showing no status of the executed order. In the case in hand, the claimant has failed to show any screen shot taken on the disputed date and time to substantiate his allegations of non-display of the status of the executed orders. Moreover, the logs relied upon by the claimant do not support his allegation of technical glitch. The respondent on the other hand has relied upon the technical audit report and the judgement dated 23.11.2022 of the Hon'ble Madras High Court rendered in the case titled as M/s. Alice Blue Financial Services Private Limited Vs Shri Jeeva Ratnam Vangari. And the Judgement dated 01.09.2022 rendered in the case titled as M.Thanigari Nathan Vs. Fortune Trading Corporation, Ambattur, Chennai. The issue involved in said judgements was relating to technical glitches and binding force of RMS. In the matter of M. Thanigari Nathan Vs. Fortune Trading Corporation (supra) the TM submitted the audit certificate before the Arbitral tribunal to rule out any technical glitch and showed that the system was functioning properly at the relevant time. Both IGRC and the Arbitral tribunal accepted the audit report and the Hon'ble High Court upheld the findings of the arbitrator in this regard. Rather the HC has further observed that any fault in the system would have affected all the traders and not only the petitioner. The challenge on this account lack merit. In the instant case, I





fully agree with the Security audit report date 24.09.2024 from 9USRCRAFT LLP, Kharghar, Navi Mumbai-410210 submitted by the TM. The report clearly establishes that there was no technical glitch on the disputed date and time and the system was functioning in accordance with the requirements specified by SEBI in such regard. Therefore, the claim as such is not maintainable.

After going through all the documents and statements on record, I am of the considered view that the claimant's contention of technical glitch/issues on 18.04.2024 has not been proved. Further, the evidence of claimant's statement in his claim statement, that he approached the customer care team of the respondent is not made available nor any screen short of non-display of status of orders executed is shared either with respondent or with this tribunal. Therefore, the claimant has miserably failed to prove his case. Under the facts and circumstances narrated above, I am of the firm view that the claim is not maintainable. Hence the claimant's claim petition is dismissed and the claim of Rs. 7.34 lakh is rejected.

Resultantly, I pass the following Award :-

**AWARD**

1. The Claimant's Arbitration reference dated 12.08.2024 is hereby dismissed and resultantly, the claim of Rs. 7.34 lakh preferred by him therein is rejected.
2. There are no orders as to cost.
3. The award is signed and issued in three stamped originals. The National Stock Exchange of India Ltd may retain one original and forward one stamped original to each of the applicant/constituent and Respondent/trading member.

Place: 



(Sole Arbitrator)

