



Mari M
Bangalore

31 JAN 2025

DK 582710
R. RAGUPATHI

STAMP VENDOR, L/No. G3/4639/83
No. 37, VILLAGE ROAD, NOW KNOWN AS
No. 79/91, VALLUVARKOTTAM HIGH ROAD
NUNGAMBAKKAM, CHENNAI-600 034
MOBILE: 9445114947

In the matter of Arbitration under the Bye-laws, Rules and
Regulations of the
National Stock Exchange of India Ltd.

Before the Sole Arbitrator

Arbitration Matter (A.M.) No. :NSE-SB-2024-09-814900

BETWEEN



तमिलनाडु TAMILNADU

31 JAN 2025

DK 582711

[Signature]

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No. 37, VILLAGE ROAD, NOW KNOWN AS
No. 79/91, VALLUVARKOTTAM HIGH ROAD
NUNGAMBAKKAM, CHENNAI-600 094
MOBILE: 9448114347

[Redacted]
(Constituent)

APPLICANT

[Redacted] ar,
PAN: [Redacted]

AND

[Redacted]
Member)

RESPONDENT (Trading

[Redacted]

[Redacted]

Applicant represented by : [REDACTED]

Respondent represented by : [REDACTED]
Director

Date of hearing 27th December 2024

Place of Hearing Through Zoom

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.

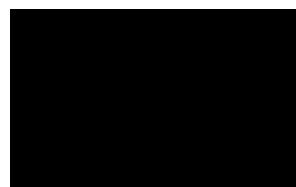
CORD has been empanelled by the National Stock Exchange in accordance with the SEBI Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated August 11, 2023 ("**SEBI Circular**") as may be amended/modified from time to time, for undertaking time-bound online Conciliation and online Arbitration.

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 03 December 2025 by CORD, in the present matter.

1. ARBITRATION CLAIM

1.1 [REDACTED] the Applicant is a constituent of the Respondent [REDACTED]
[REDACTED] a stock broker and member of NSE. The Applicant has



preferred acclaim of 483 shares of Titan Company Ltd which has been sold by the respondent without her consent.

2. HEARING

2.1. Based on the arbitration application filed by the Applicant with the CORD a hearing was scheduled on 27th December, 2024.

2.2. The representatives of both the parties were present on the said date.

3. BACKGROUND:

3.1. The Applicant was possessing 2000 TITAN shares maintained with demat account in [REDACTED]

3.2. The applicant had sold 1400 out of 2000 TITAN shares till April 2023 and balance 600 was in demat account.

3.3. Further, the applicant had further sold 100 shares on 03/11/2023 and agreed to use Rs.50,000/- towards trading in shares. However, the respondent started trading in futures and options currencies without intimating to the applicant and sold TITAN shares in small quantities like 5,10,20 to make good the loss incurred in trading in currencies and future and options of Nifty and bank Nifty.

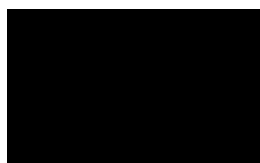
3.4. The applicant claims that she had never given permission to sell TITAN shares and also informed him that she is not prepared to accept the loss beyond Rs.50,000/-.

3.5. Out of balance 500 shares (i.e., 2000 shares – 1400 shares – 100 shares), only 17 shares of TITAN exists in the Demat Account and hence applicant is claiming 483 shares which has been sold by the Respondent without her consent and has applied for arbitration.

4. APPLICANTS STATEMENT OF CASE:

4.1. Applicant is from Hosur, aged 55 years and she is working in TITAN Company Ltd, since last 9 years and she has acquired 2000 quantity of TITAN shares and kept in demat account in [REDACTED]

- 4.2. The applicant started selling her shares from 2022 onwards by [REDACTED] and sold 1400 out of 2000 shares till April 2023 and balance 600 shares where in demat account. During the hearing she has admitted that she is having very little knowledge about share market and does not know anything about future and option trading. Therefore, she has dealt only in Titan company shares.
- 4.3. On 03/11/2023 the applicant asked [REDACTED] agent [REDACTED] to sell only 100 shares worth of Rs.3.24 lakhs and also sent the email to [REDACTED] requesting to make brokerage to 4%.
- 4.4. The applicant alleges that she did not get the amount within 2 or 3 days instead she received the amount on different dates on November 6th, 8th, and 13th, 2023. The respondent's agent [REDACTED] was asking her whether she is interested to invest further or to do any trading and also intimated her as she can earn 5% to 8% profit by trading. The applicant accepted and asked him to use Rs.50,000/- out of Rs.3.24 lakhs for trading. The applicant has received the balance amount Rs.2.74 lakhs.
- 4.5. The [REDACTED] agent later on informed her that trading is undergoing a loss and immediately applicant requested [REDACTED] agent to stop trading in the month of February 2024. The applicant has received Rs.43,000/- out of Rs.50,000/- used for the trading.
- 4.6. When the applicant received a small amount of dividend from TITAN company in the month of July 2024, she enquired with the respondent and came to know that only 17 shares out of 500 shares were remaining in her demat account and that was the reason for receipt of meagre amount as dividend.
- 4.7. On 19th July, 2024 the applicant along with her family visited [REDACTED] where [REDACTED] was working and explained the issue to [REDACTED], Branch Manager along with [REDACTED]. But the Branch Manager, [REDACTED] could not prove that the applicant has given permission to sell 483 Shares.
- 4.8. The applicant later complained to SEBI to investigate the issue and in the reconciliation process, [REDACTED] company was asked to submit the audio proof where



applicant has confirmed to sell on November 3rd, 2023 and [REDACTED] failed to submit the confirmation.

4.9. As the re-conciliation process was not successful the applicant filed for ARBITRATION.

5. RESPONDENTS STATEMENT OF DEFENSE:

5.1. The respondents deny each and every allegation/averment made by the applicant in her statement of case and nothing contained therein maybe deemed to be admitted by the respondent by reason of non-traverse or otherwise save and except what is expressly admitted.

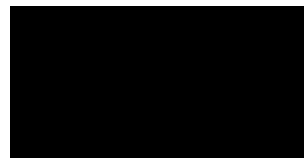
5.2. The respondent submits that multiple call recordings exist to confirm the clients claim of lacking market knowledge is untrue. These recordings illustrate her informed discussions about market activities and trading decisions.

5.3. The respondent submits that the client actively traded, met margin costs by selling shares in small quantities and call recordings proves her involvement in these decisions, affirming awareness of portfolio management activities.

5.4. The respondent affirms that each and every transactions were executed with client's explicit confirmation via phone calls corroborated by voice logs, which align with the regulatory requirements for transparency and consent.

5.5. The respondent submits that the trading activity including margin management and derivatives transactions were conducted following protocols and with the client active participation which has confirmed through multiple forms of communications.

5.6. Further, respondent submits that all trades were conducted through the branch trading terminal and notifications (including contract notes, margin statements, holdings, debits, etc) were duly shared / sent to the client via email and SMS by CDSL for the debit of shares in the Demat Account.



- 5.7. Respondent also states that on November 3rd, 2023 the client has explicitly requested an increase in brokerage via email.
- 5.8. Respondent also submitted that client did not raise any objection about the trades within the stipulated timeline and hence any dispute raised year later lack valid basis.
- 5.9. Therefore, respondents submits that the branch team has followed protocol in executing trades through the terminal after communicating with the client through the terminal and hence OTP was not required as per the regulatory framework.

6. DISCUSSIONS AND FINDINGS

- 6.1. The respondent has traded on behalf of the applicant in their own terminal without taking any instruction from the applicant for each and every trade from the period December 13th, 2023 to February 15th, 2024. The respondents have bought and sold in bank nifty options, currencies, recklessly. The respondent has lied in defence statement that trades conducted involved small quantities (e.g 20-30 shares daily) whereas each contract consists of huge transactions.
- 6.2. The Respondents had been requested to submit the evidence for the physical record written and signed by the applicant or telephone recording or e-mails from the applicant or record of SMS for only 5 contract notes but the respondent failed to submit any evidences called- for.
- 6.3. There are huge transactions on a daily basis buying and selling options every 5 minutes. For example, the contract notes no. [REDACTED] on 13/12/2023 runs into 11 pages, total number of transactions exceed over 200. This shows reckless trading by the respondent and it is impossible to get authorization from the applicant for each and every trade executed by the respondent.
- 6.4. The Respondent has done all the trades from 13/12/2023 to 15/12/2024 without the knowledge of the applicant. Therefore, I have no doubt that respondent has done the trade in the name of applicant without her knowledge and cleverly he continued to trade till he had security of TITAN shares for the loss incurred for such trading. The respondent has sold the TITAN shares in small quantities just to make good the debit balance in the applicant's ledger account.

- 6.5. During hearing on 27th December, 2024, the applicant appeared along with her relative and presented her case stating that the respondent has sold her 483 shares of TITAN company without her consent and sometimes after the trading time. [REDACTED] [REDACTED] used to call her and she could not understand much about the trading activities. The applicant reiterated that she has given permission to use only Rs. 50,000 for trading and strictly instructed that the remaining 500 shares should not be touched.
- 6.6. The Respondent reiterated its written defense stating that it has followed all the procedures like informing the trade details and sent the daily contract notes to the applicant. The respondent vehemently argued that every trade has been done with knowledge of the applicant.
- 6.7. Interesting fact, that in the defenses statement, respondent had mentioned that the client was aware of portfolio management services. Therefore, it is clear that respondent has traded in options and currency as portfolio management services and not as a broker.

7. AWARD

- 7.1. In the light of the discussion above, I conclude that 483 shares of TITAN have been sold by the Respondent without authorization of the applicant (unauthorized, according to the SEBI circular (SEBI/HO/MIRSD/DOP1/CIR/P/2018/54) dated 22nd March, 2018). Hence the respondent has to pay the amount of Rs 17,24,536 (Rupees seventeen lacs twenty four thousand five hundred thirty six) as claimed by the Applicant within 30 days from the date of this award.

- 7.2. No award to costs.

Place: [REDACTED]

[REDACTED]

(Sole Arbitrator)