



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

CIR/MRD/DSA/2/2011

February 09, 2011

To

The Managing Director/Executive Director  
of all Stock Exchanges.

Dear Sir / Madam,

**Subject: Arbitration mechanism of stock exchanges - Applicability of the provisions of the Limitation Act, 1963**

This is in continuation of circular ref. No. CIR/MRD/DSA/24/2010 dated August 11, 2010, which *inter alia* prescribed that the limitation period for filing an arbitration reference shall be governed by the provisions of the Limitation Act, 1963. In this regard upon consideration of various representations received by SEBI and pursuant to the discussions held with the representatives of stock exchanges, it has been decided that the limitation period, as modified to three years in terms of Limitation Act, 1963, shall be applicable to cover *inter alia* the following cases:-

- i. where three years have not yet elapsed and the parties have not filed for arbitration with the stock exchange, or
  - ii. where the arbitration application was filed but was rejected solely on the ground of delay in filing within the earlier limitation period of six months; and three years have not yet elapsed;
2. The cost for arbitration in such cases would be as under:-
- i. Cases which were not filed earlier will be subject to the fee amount in terms of SEBI circulars dated August 11, 2010 and August 31, 2010.



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- ii. For cases filed earlier and rejected on the ground of bar of limitation as per the earlier limitation period of six months, the amount of fee already paid would be deducted from the amount computed in terms of SEBI circulars dated August 11, 2010 and August 31, 2010. The balance shall be borne by the parties to the arbitration in the manner specified vide SEBI circulars dated August 11, 2010 and August 31, 2010.
3. Stock exchanges are advised to widely publicise (including in media) the provisions of this circular. In addition to the above, stock exchanges are also directed to inform those applicants who are eligible to file for arbitration in terms of sub-para (ii) of first para of this circular.
4. The recognized stock exchanges are advised to:-
  - i. make necessary amendments to the relevant rules/ bye-laws/ regulations for the implementation of the above decision immediately;
  - ii. bring the provisions of this circular to the notice of the members of the stock exchange and also to disseminate the same through their website; and
  - iii. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.
5. It is clarified that inspection of stock exchanges by SEBI shall cover implementation of this circular.
6. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956, with a view to protect the interests of investors in securities and to



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promote the development of, and to regulate the securities market and shall come into effect immediately.

7. This Circular is also available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Rajesh Kumar D**  
**Deputy General Manager**  
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**CC: All SEBI recognized Investor Associations**