

Norms for eligibility of claims for compensation from IPF to the clients of the defaulter members.

All claims submitted by clients will be assessed in accordance with the Rules, Regulations, Byelaws of the Exchange, and SEBI circulars. The maximum compensation limit per investor is Rs.15 lakhs out of Investor Protection Fund.

1) Only transactions that have been executed on the BSE platform shall be eligible for compensation from BSE IPF. Details are as under:

- (i) The claimant has executed trades in disputed/claimed securities in the last 90 days prior to the date of disablement of trading terminals, the claim shall be eligible subject to independent verification of the claim by the Exchange with regard to the admissible value of the securities. For the purpose, the admissible value of securities as mentioned above, shall be the buy price of the security.
- (ii) The claimant has given funds to defaulter member and has executed trades in the last 90 days prior to the date of disablement of trading terminals, the claim shall be eligible subject to independent verification of the claim by the Exchange and sale proceeds arisen out of trades in the last 90 days prior to the date of disablement of trading terminals.
- (iii) The claim supported by IGRC/Arbitration/Appellate Award shall be eligible subject to independent verification of claims.

2) Claims arising out of following nature of transactions shall be considered ineligible for compensation from IPF:

- (i) Transactions carried out on stock exchange, other than BSE
- (ii) Transactions which are not related to usual trading activity
- (iii) Speculative transactions done on BSE

Explanation: For this purpose, the following transactions shall be considered as speculative

- a) Transactions that are squared up on the same day
- b) Where the nature of transaction is speculative

- (iv) Transactions that are in the nature of loan transactions

Explanation: For this purpose, the following transactions shall be considered to be loan transactions:

- (a) Funds and securities given to the stock broker, prior to the date of registering the client code in the Unique Client Code database of the stock exchange

- (b) Funds and securities given to the stock broker not commensurate with the level of trading activity
- (v) Sham and collusive transactions
- (vi) Interest granted in claims decided in IGRC/ arbitration awards/ appellate arbitration awards/ High Court orders, since these are not transaction related.
- (vii) Where the documents submitted by the constituent, in support of the claim, indicates that the constituent has a liability/ dues towards the stock broker for the transactions relating any other stock exchange
- (viii) Claims for non-receipt of corporate benefits arising out of corporate actions such as dividend, bonus, stock split, demerger, etc., receivable shall not be eligible for compensation.
- (ix) The claimant has given funds and /or securities to the defaulter members with an express understanding that defaulter would in turn give fixed return on funds and/or securities shall not be eligible for compensation.
- (x) Any other criteria/ condition, which in the opinion of the Defaulters Committee renders the claim as ineligible, based on the facts of the case.
- (xi) Claims towards franchisee deposits and brokerage
- (xii) Claims of authorised persons
- (xiii) Claims of claimant who is not registered as a client under Defaulter member
- (xiv) Claim for damages / harassment / miscellaneous charges /interest on claim amount

For the purpose of determining the eligibility of the claim, the constituent shall submit the following documents, in support of the claim, to the Exchange:

- a. Statement of account (Ledger statement) maintained by the stockbroker with respect to BSE and other stock exchanges for previous and current Financial year
- b. Bank Statements of the constituent in support of payment made to and received from Member
- c. Demat account statements linked with Defaulter issued by Depository i.e.,
- d. CDSL and NSDL as the case may be
- e. Details of claim admitted by other stock exchanges
- f. Any other document, as may be sought by the stock exchange

In addition to the above, the constituent shall comply with the directions/ instructions issued by the stock exchange from time to time.