



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DoC/P/CIR/2021/651

October 22, 2021

To,

**The Managing Directors / Chief Executive Officers,
All Recognized Stock Exchanges having Commodity Derivatives Segment**

Dear Sir/ Madam,

**Sub.: Amendment to SEBI Circular pertaining to Investor Protection Fund (IPF)/
Investor Service Fund (ISF) and its related matters**

1. Attention is drawn to SEBI circular bearing reference no. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 on Comprehensive guidelines for Investor Protection Fund (IPF), Investor Service Fund (ISF) and its related matters.
2. With the objective to align with the practices in securities market, based on the internal deliberations/discussions, and the feedback received from the Stock Exchanges, it has been decided to modify the following clause of the aforesaid circular:
 - 2.1. Clause 2 (g) shall be substituted with the following:

2 (g). Determination of legitimate claims

“The Stock Exchanges shall ensure that once a member has been declared defaulter, the claim (s) shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC, the erstwhile Defaulters’ Committee) for sanction and ratification. MCSGFC’s advice w.r.t. legitimate claims shall be sent to the IPF Trust for disbursement of the amount immediately.

In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the MCSGFC is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the exchange mechanism / any other legal forum outside the exchange mechanism for claim of the balance amount.”

3. The provisions of this circular shall come into effect from **January 1, 2022**.
4. The Stock Exchanges are advised to:
 - a) Make necessary amendments to the relevant bye-laws, rules and regulations.
 - b) Communicate to SEBI, the status of the implementation of the provisions of this circular through the Monthly Development Report (MDR).



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5. 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 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. All other provisions of the relevant circular will continue to be in force.
6. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

Vishakha More
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