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Grievance Redressal Mechanisms for Clients of SEBI-Registered Research Analysts

SEBI (Securities and Exchange Board of India) mandates a structured framework to ensure clients of Registered Research Analysts (RAs) can resolve complaints effectively. These mechanisms prioritize **investor protection, transparency, and timely resolution**. Below is a detailed breakdown of the grievance redressal process:

1. Internal Grievance Redressal by the Research Analyst

Step 1: Lodge a complaint directly with the RA.

- **Requirements:**

- SEBI-registered RAs must establish an internal grievance redressal system.
- Designate a **Grievance Redressal Officer (GRO)** to handle complaints.

- **Process:**

- Clients can submit complaints via email, written communication, or a dedicated portal.
asap.compliance@gmail.com
- The GRO must **acknowledge** the complaint within **7 days** and resolve it within **30 days**.
- If unresolved, the RA must inform the client of the reasons and further recourse options.

2. Escalation to SEBI's SCORES Platform

If unresolved internally, clients can escalate complaints to SEBI's **SCORES** (Securities Complaint Redress System):

- **SCORES Portal (<https://scores.gov.in>):**

- A centralized online platform for lodging grievances against SEBI-regulated entities.

- **Process:**

1. Register on SCORES (if not already registered).
2. Submit the complaint with details (e.g., RA's name, registration number, nature of grievance).
3. SEBI forwards the complaint to the RA for resolution within **30 days**.
4. Track complaint status in real-time via the portal.

- **Key Features:**
 - Free of cost.
 - Transparent tracking of complaint resolution.
 - Escalation to SEBI if the RA fails to respond adequately.

3. SEBI Complaints Redress Cell (CRC)

- Clients can approach SEBI's **CRC** via:
 - **Email:** crc@sebi.gov.in
 - **Mail:** Physical complaints to SEBI's office.
- CRC acts as a facilitator between the client and the RA to ensure timely resolution.

4. Arbitration Mechanism

If the dispute involves monetary claims or contractual breaches:

- **Arbitration through Stock Exchanges:**
 - If the RA is a member of a stock exchange, clients can invoke arbitration under the exchange's rules.
 - Arbitral awards are binding and enforceable in court.
- **Civil Courts:** As a last resort, clients can approach civil courts.

5. SEBI Ombudsman

- The **SEBI Ombudsman** handles complaints related to:
 - Deficiency in services.
 - Unfair trade practices.
 - Non-compliance with SEBI regulations.
- **Process:**
 - File a complaint with the Ombudsman (free of cost).
 - The Ombudsman facilitates mediation or passes an award within **30 days**.

6. Key SEBI Regulations Governing Grievance Redressal

1. **SEBI (Research Analysts) Regulations, 2014:**
 - Regulation 13: Mandates RAs to disclose grievance redressal procedures on their websites.
 - Regulation 25: Requires RAs to cooperate with SEBI in resolving complaints.
2. **SEBI (Ombudsman) Regulations, 2003:** Governs the Ombudsman's role.
3. **SEBI (Investor Protection and Education Fund) Regulations, 2009:** Provides compensation in cases of default.

Practical Steps for Clients

1. **Document Everything:** Maintain records of communications (emails, letters, etc.).
2. **Use SCORES First:** It is the quickest and most efficient channel.
3. **Escalate Strategically:** If unresolved, escalate to SEBI CRC/Ombudsman or arbitration.

Penalties for Non-Compliance by RAs

- **Monetary fines** under SEBI Act, 1992.
- **Suspension/Cancellation** of SEBI registration.
- **Legal action** for fraudulent practices.

Key Takeaways

- SEBI ensures a **multi-tiered grievance redressal system** for investor protection.
- Clients must first approach the RA, then escalate to SEBI platforms like SCORES if unresolved.
- Timelines and transparency are critical to the process.

By leveraging these mechanisms, clients can hold SEBI-registered Research Analysts accountable and ensure fair treatment in line with regulatory standards.