



Manager
Northern Regional Office

भारतीय प्रतिभूति
और विनियोग बोर्ड
**Securities and Exchange
Board of India**

NRO/CIS/KY/ 1036/2017

June 23, 2017

Shri Naveen Kumar
Assistant Section Officer(IG&JPC)
Financial Market Division
Department of Economic Affairs
Ministry of Finance
North Block, New Delhi- 110001

Dear Sir,

Sub: Representation of Ms. Pinki Roy against Trustline Securities Ltd.

This is with reference to your email dated May 17, 2017 on the captioned subject.

- i. In this regard, it is informed that Ms. Pinki Roy has lodged several complaints on SCORES against trading member Trustline Securities Ltd regarding execution of trades in her account without consent. All the complaints were disposed based on examination carried out by BSE and NSE. The details of actions by Exchanges are as under:
- ii. The complaint of Ms. Pinki Roy was examined by NSE and taken up with the Trading Member. Vide letter dated July 07, 2014, the trading member stated that the complainant was aware of the transactions executed in her account. TM further stated that the complainant received the contract notes as confirmation but she never raised any objection during the transaction period. The TM provided copy of client registration form, e-logs and statement of accounts to substantiate its stand.
- iii. The reply of the TM was forwarded to Ms. Pinki Roy by NSE vide letter dated July 08, 2014. A telecon was also held by the Exchange in the matter on July 11, 2014 with her wherein the matter was discussed at length. Since no amicable settlement could be arrived at, IGRP was held in the matter on July 22, 2014 wherein claim of the complainant was found inadmissible. Further, it was concluded by IGRP that there was nothing the forum could do at this level (F/A). In view of this, the complainant was advised to seek redressal of her grievance through the process of Arbitration or any other forum as she may deem fit.
- iv. Ms. Pinki Roy filed the Arbitration with NSE in the matter vide her application dated September 7, 2015. Sole Arbitrator Mr. Avinash Shukla was appointed in the matter and hearing was held on November 24, 2015. The matter was heard by the Arbitrator and the

“हम हिन्दी पत्राचार का स्वागत करते हैं।”

प्रादेशिक कार्यालय : पाँचवा तल, बैंक ऑफ बड़ौदा भवन, 16, संसद मार्ग, नई दिल्ली- 110001 दूरभाष (Telephone):011-23724001-05 फैक्स (Fax) : 23724006 & 8
REGIONAL OFFICE : 5TH FLOOR, BANK OF BARODA BUILDING, 16, SANSAD MARG, NEW DELHI - 110001

प्रधान कार्यालय : सेवी भवन, प्लाट सं. सी-4 'अ', जी-ब्लाक, बान्द्रा कुर्ला काम्प्लेक्स, बांद्रा (पूर्व) मुंबई-400051 दूरभाष(Telephone):022-26449000 फैक्स (Fax): 022-26449019 to 26449022
Head Office : SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Bandra (E) Mumbai-400051 Web. : www.sebi.gov.in



भारतीय प्रतिभूति
और विनियोग बोर्ड
*Securities and Exchange
Board of India*

same was reserved for award. Vide her e-mail dated November 24, 2015, Ms. Pinki Roy complained against the Arbitrator. The e-mail was sent to the Arbitrator and in view of the complaint, Sole Arbitrator- Mr. Avinash Shukla recused himself from the matter. NSE, thereafter appointed Mr. S S Aggarwal as Arbitrator in the matter. Hearing was scheduled on December 18, 2015 and the same was communicated to Ms. Pinki Roy vide NSE letter dated December 04, 2015. However, Ms. Pinki Roy was not present in the hearing. Sole Arbitrator Mr. S S Aggarwal, granted another opportunity to Ms. Pinki Roy to represent herself and last and final hearing was scheduled on December 30, 2015. The copy of order sheet along with the hearing notice was duly sent to Ms. Pinki Roy vide NSE letter dated December 21, 2015 informing her about the hearing dated December 30, 2015. The Applicant was not present on the day of hearing again and the Arbitrator heard the matter Ex- parte. Vide his award dated February 15, 2016 (**copy at F/B**), the Arbitrator dismissed the claim of Ms. Pinki Roy and the same was sent to her vide NSE letter dated February 15, 2016.

- v. NSE vide letter dated February 15, 2016 also informed the complainant regarding the appellate mechanism available at the Exchange. She was informed that an appeal may be filed within 30 days from the receipt of the arbitration award. However no appeal has been filed by Ms. Pinki Roy till date.
- vi. Further, time and again the complainant has sought copies of various documents e.g., contract notes, client registration form, statement of accounts and correspondence emails exchanged between her and the trading member during Sep 2012. NSE has reported that all these documents have been duly provided to her by the Stock Exchange.
- vii. The matter was also examined by BSE. IGRC meeting was held in the matter on May 27, 2014, wherein the IGRC decided that the complainant may refer her claim to Arbitration. The complainant filed arbitration with the Exchange on September 07, 2015. The Arbitrator vide order dated November 16, 2015 rejected the claim of the applicant. The copy of the arbitration award is placed at F/C. Further, the exchange vide email dated May 18, 2016 informed the complainant that an appeal against the arbitration award may be filed by her and asked her to submit the documents at the earliest. However, no appeal has been filed by Ms. Pinki Roy till date.



Continuation Sheet

भारतीय प्रतिभूति
और विनियोग बोर्ड
**Securities and Exchange
Board of India**

- viii. It is further stated that from above it can be observed that the exchanges have followed the due process for consideration of the complaint. However, the complainant has failed to co-operate with the proceedings and continued to raise complaints without exhausting the options available in the complaint redressal mechanism.

Yours faithfully,

Kanchan Yadav

Encl: As above

INVESTOR SERVICES CELL

Ref. No.: 1407240753600304
September 19, 2014

Ms Pinky Roy
C-2/2314, Vasant Kunj
Delhi-110070

Dear Madam,

Sub: Your Complaint against M/s Trustline Securities Ltd.

This is with reference to your complaint dated September 17, '2014 against the above mentioned trading member received through SEBI.

In this regard, vide our letters dated September 02, 2014 and July 23, 2014, you were informed that at the Investor Grievance Resolution Panel meeting held on July 22, 2014, the amount claimed by you has not been admitted by the IGRP. In view of the same, the Exchange will not be able to pursue the matter further with the trading member and your matter is treated as closed in Exchange records. Copy of the IGRP order is once again enclosed for your perusal.

Further, we wish to inform you that the Exchange provides arbitration mechanism which is a quasi judicial process for redressal of complaints between investors and trading members / sub brokers. In case you wish to pursue the matter further, you may opt for arbitration against the trading member / sub broker. Copies of the arbitration application forms along with arbitration procedure are enclosed for your perusal.

For further assistance, you may contact the undersigned on 011-49393037 / 23459137 or email to nseiscdel@nse.co.in

This is for your information.

Yours faithfully,
for National Stock Exchange of India Limited



Gurleen Kaur
Assistant Manager



INVESTOR SERVICES CELL

Ref. No.: 1407240753600304

September 02, 2014

**Ms Pinky Roy
C-2/2314, Vasant Kunj
Delhi-110070**

Dear Madam,

Sub: Your Complaint against M/s Trustline Securities Ltd.

This is with reference to your complaint dated July 26, 2014 against the above mentioned trading member received through SEBI.

In this regard, vide our letter dated July 23, 2014, you were informed that at the Investor Grievance Resolution Panel meeting held on July 22, 2014, the amount claimed by you has not been admitted by the IGRP. In view of the same, the Exchange will not be able to pursue the matter further with the trading member and your matter is treated as closed in Exchange records. Copy of the IGRP order is once again enclosed for your perusal.

Further, we wish to inform you that the Exchange provides arbitration mechanism which is a quasi judicial process for redressal of complaints between investors and trading members / sub brokers. In case you wish to pursue the matter further, you may opt for arbitration against the trading member / sub broker. Copies of the arbitration application forms along with arbitration procedure are enclosed for your perusal.

For further assistance, you may contact the undersigned on 011-49393037 / 23459137 or email to nseiscdel@nse.co.in

This is for your information.

Yours faithfully,
for National Stock Exchange of India Limited

Gurleen Kaur
Assistant Manager

INVESTOR SERVICES CELL

Ref. No.: 1407240753600304

July 23, 2014

**Ms Pinky Roy
C-2/2314, Vasant Kunj
Delhi-110070**

Dear Madam,

Sub: Your Complaint against M/s Trustline Securities Ltd.

This is with reference to your complaint against the above mentioned trading member received through SEBI.

Your complaint was placed before Investor Grievance Resolution Panel (IGRP) held on July 22, 2014. It may be noted that the amount claimed by you has not been admitted by the IGRP. In view of the same, the Exchange will not be able to pursue the matter further with the trading member and your matter is treated as closed in Exchange records. Copy of the IGRP order is enclosed for your perusal.

Further, we wish to inform you that the Exchange provides arbitration mechanism which is a quasi judicial process for redressal of complaints between investors and trading members / sub brokers. In case you wish to pursue the matter further, you may opt for arbitration against the trading member / sub broker. Copies of the arbitration application forms along with arbitration procedure are enclosed for your perusal.

For further assistance, you may contact the undersigned on 011-49393037 / 23459137 or email to nseiscdel@nse.co.in

Further you may note that Exchange is providing facilitation services to the investors. In case of any assistance you may contact any officer of the Investor Services Cell at any offices of the Exchange.

This is for your information.

Yours faithfully,
for National Stock Exchange of India Limited

Gurleen Kaur

IGRP Proceedings

In the complaint no. 1407240753600304 of Ms. Pinki Roy against M/s Trustline Securities Limited.

IGRP meeting held on July 22, 2014

A. ISSUES RAISED BY THE PARTIES

Issues raised by the complainant:

The complainant was present in person and alleged that transactions were executed in her account without consent which has caused a loss of approximately more than Rs 3 lakhs.

Responses of the trading member to the issues raised by the complainant:

The AR of the TM stated that the case is time barred and submitted a letter to that effect. According to him, last transaction in the account of the complainant was carried out on March 18, 2011, which is more than 3 years. The AR of TM also stated that contract notes were regularly sent to the complainant on a regular basis.



**Signature of IGRP member
(Mr. J. S Tuli)**

JP 3

B. ORDER OF THE IGRP

Observations of IGRP:

It is clear that the claim of the complainant pertains to 2010-11, though she has been in regular touch with the TM by way of sending emails. The complainant was seemingly taken in by the glib talk of the RM of the TM and it never occurred to her that a loss is being caused to her by the trades being carried out in her name, which she claims she never authorized. The TM on the other hand, claims to have done everything as per the standing orders of the client and there is nothing which they can do to redress the complaint of the complainant at this time.

Orders given by IGRP:

Since both the parties are unwilling to budge from their respective stands, there is nothing that this forum can do at this level. In view of this, the complainant may seek redressal of her grievance through the process of Arbitration or any other forum as she may deem fit.

Admissible amount- NIL

**Signature of IGRP member
(Mr. J. S Tuli)**



C. ACKNOWLEDGEMENT OF PARTIES ON RECEIPT OF IGRP ORDERS


Signature of Complainant


Signature of Trading Member

22/07/2014

AWARD
in
Arbitration Matter No. CM/D-0029/2015

IN THE MATTER OF DISPUTES BETWEEN:

Ms. Pinki Roy

C-2/2314, Vasant Kunj,

Delhi - 110070

..... Applicant

AND

M/S. Trustline Securities Limited

C - 633, New Friends Colony

New Delhi = 110025

..... Respondent

1. The Applicant has alleged about unauthorized trades in her account. She has mentioned that on her various communications about unauthorized trading, the response from the Respondent used to be that he had provided all contract notes to her. She has a claim towards loss suffered of Rs.4.55 Lacs and the interest @10% per month since October' 2010. She also has a claim for compensation for the mental and physical harassment to her by the Respondent.

2. In his reply, the Respondent has mainly brought out that all the contract notes pertaining to trades executed by the Applicant were duly received by the Applicant on her e-mail ID provided by her at the time of opening





INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.

: IN-DL78021707925258N

Certificate Issued Date

: 02-Nov-2015 12:55 PM

Account Reference

: IMPACC (IV)/ dl908903/ DELHI/ DL-DLH

Unique Doc. Reference

: SUBIN-DLLD90890354099147963722N

Purchased by

: BSE LTD

Description of Document

: Article Others

Property Description

: Not Applicable

Consideration Price (Rs.)

: 0
(Zero)

First Party

: BSE LTD

Second Party

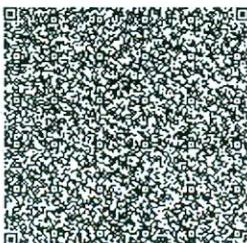
: Not Applicable

Stamp Duty Paid By

: BSE LTD

Stamp Duty Amount(Rs.)

: 100
(One Hundred only)



Please write or type below this line.....

In The Matter Of Arbitration Under the Bye-laws, Rules & Regulations of BSE Ltd.

Arbitration Matter No. 297/2015

Ms. Pinki Roy

.....Applicant

C-2/2314, Vasant Kunj,
New Delhi-110070

Versus

.....Respondent

Trustline Securities Ltd.

B-3, Sector-3, Noida-201301

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

This is an Arbitration reference submitted by me under the Rules, Bye-laws & Regulations of BSE Limited.

1. Ms. Pinki Roy (Applicant) has filed this claim for Rs 400,000 (mentioned as Rs 4.55 Lac in the body of the claim) including interest of Rs 2 Lac against Trustline Securities Ltd (Respondent) towards losses suffered by her on account of unauthorized trading in her account

2. The Applicant opened a trading account with the Respondent in July 2010 at the behest of one Shri Sailendra Jain the Relationship Manager (RM) of the Respondent. She was asked to sign blank documents, which were later filled in by the Respondent. Copies of the account opening form were not provided to her. She paid a sum of Rs 4.55 Lac in the account on various dates. Shri Sailendra Jain started trading in her account. In the meantime, she had to move overseas for some assignment in November 2010 and came back in February 2011. Then she started getting messages from the Respondent about debit balances in her account. On contacting the Respondent, she was informed that it had provided all contract notes pertaining to the trading in her account and that there is no unresolved query pending with it pertaining to her account. The Respondent did not transfer securities to her Demat Account. The contact details of the RM were not provided to her. Her request for resetting her password was also not adhered to by the Respondent. Due to this she had to close her Demat account in June 2014 at which time, the value of her holding had reduced to 1.08 Laes.

3. The Applicant made the first complaint to the Respondent on 27th February 2011 and requested to suspend trading in her account. Thereafter she was repeatedly asking the Respondent to provide contact details of the RM but the same was not provided to her. Since 2011-12 she was also asking the Respondent to provide escalation matrix in its organization set up and SEBI contact details, which were not provided to her. The last trade in her account was made on 18th March 2011. She approached IGRP in July 2014 to redress her grievances, which could not settle her claim. Hence this Claim.

4. The matter was first referred to Investor Grievance Redressal Committee (IGRC) vide reference no. 201407/56, wherein it was concluded by Hon'ble member of IGRP that in view of the facts submitted before the committee & submissions of the Appellant & AR of the Respondent it appeared that the complaint cannot be resolved in that forum & complainant if so advised, may take recourse to the process of arbitration mechanism in accordance with Bye laws, Rules & Regulations of the Exchange. Matter was thus disposed of by IGRP.

5. The Respondent denies the claim. The Applicant signed the KYC and other documents on 15th July 2010 and was allotted UCC N61029, and as per practice, copies of all the documents were provided to her. Copies of the KYC, policies and procedures, and other documents have been filed. The Applicant signed ECN mandate to receive all communication and contract notes etc mentioning her personal Email address for this purpose.

6. The Applicant traded in the cash and the F&O segment. All trades in the account of the Applicant were executed on the instructions of the Applicant. The Applicant was regularly sent contract notes pertaining to transactions in her account by email at the address registered with the Respondent and as per the authorization given by the Applicant in this behalf. Copies of the log record have been placed on record. The Applicant was also sent SMS intimation on her registered mobile number for the trades executed in her account. Copies of the log records have been filed. The Applicant opted for online trading for which a unique ID and password was provided to her. However she did not trade on line. She allegedly sent several mails to the Respondent, asking for irrelevant information, which was already available to her and to the public at large.



She made several payments in her account and also received the payout from the Respondent. The account opened by the Applicant is a trading account and not a PMS account as alleged by her. No trades were carried out in her account after she gave instructions to stop trading.

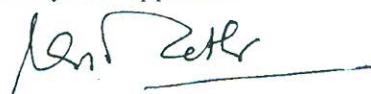
7. It is also the case of the Respondent that the claim is time barred as per SEBI circulars. She has not given any calculation of her claim and has wrongly charged interest. Hence the claim, being unfounded, is liable to be rejected.

8. I have gone through the documents and submissions of the parties and also heard the Applicant in person and the AR of the Respondent. The Respondent has submitted the statement of account of the Applicant as it appears in its books of accounts. It has also filed log records of the emails and SMS messages sent to the Applicant after the end of trading days and other documents in support of its case.

9. The preliminary issue to be considered in the case is the claim being barred by limitation as claimed by the Respondent. The issue in the case involves Section 18 and Section 19 of Limitation act, which clearly state that a) an admission of the acknowledgement; b) Such acknowledgement must be in respect of liability in respect of property or right; and c) it must be made before the expiry of the period of limitation ;(or else it would come under section 25 of Contract Act). In S.F. Mazda v. Durga Prasad (AIR 1961 SC 1236) it has been held that an acknowledgement constitutes that the parties intended to create legal relationship and it must appear that the statement is given with the intention to admit such jural relationship. The said case has also held that the acknowledgement need not be specific but should include the necessary facts, which constitute the liability.

10. Applying the above ratio on the facts of the case, it can be seen that transactions have also taken place subsequent to the last trade, as claimed by the Respondent. The parties have been in correspondence after the trading was stopped in the Applicant's account. The Respondent admittedly made a payout in March 2012. Even after that exchange of documents, statement of accounts etc were exchanged between the Applicant and Respondent. For section 18 of the Evidence Act it would be good that the promise is for payment of debt as it would be a clear indicator of acknowledgement but as held in Subbarsadya v.Narashimha, (AIR 1936 Mad.939) in words of Cornish.J."I do not agree with the Munsif that an acknowledgment within Section 19(old act), Limitation Act, must contain a promise to pay or amount to a promise to pay." It is not absolutely necessary that an acknowledgment within Section 18 must contain a promise to pay or should amount to a promise to pay. If present it will just give some weightage to the fact that acknowledgement has been done. In view of the above, in my view, the contention of the Respondent of the claim being time barred cannot be accepted and must be rejected.

11. Coming to the merits of the case, the first issue to be looked at is with regard to the amount of the claim. The Applicant has not submitted any details of the claim or the loss suffered by her on account of unlawful trades. However during the proceedings, the Applicant herself submitted a statement of the shares which are still lying in her D-mat account with the Respondent and also the payouts made to her. Admittedly, a total payment of Rs. 4.24 Lac was made by the Applicant from time to time between July 2010 and October 2010. The applicant has not been able to explain as to how she has made a claim for a lump sum amount and also in respect of the shares which are still lying in her D-mat account or the payments have been received by her. It is also noted from the statement of account that trading has been done in the Applicant's account both on the NSE and BSE platform, which has not been segregated by the Applicant to determine her claim of unauthorized transactions under the BSE platform. It is also not clear as to how the interest which is equivalent to the claim amount has been claimed by her. Under these circumstances, it is not possible to arrive at the correct amount of claim demanded by the Applicant.



12. The Applicant has stated that no consent was taken from her for operating in the F&O segment in her account. However the documents or evidence on record show that Applicant had indeed given her consent for trading in this segment. While opening the account, she has signed and given her consent to trade in all the segments

13. The Applicant has stated that she met Sailendra Jain, who first gained her confidence by giving some profitable tips for trading and later promised that in case she participates in a scheme suggested by him, she can get returns to the extent of 3.5 to 10% per month. However no document or evidence has been placed on record in support of this argument. This contention is also vehemently objected to by the Respondent. The Applicant is a well educated person and no prudent person could have been lured for the promise of such high returns for trading in securities. She also signed documents for opening the trading account with the Respondent and has admitted in her claim statement that she had given her consent for 'placing orders' in her account on her behalf. Having given this consent, there is no justification at this stage for the Applicant to claim that she did not give permission "for the Relationship manager to trade on her behalf". Her claim that she entered the relationship with the Respondent as Portfolio Manager for the PMS scheme has not been proved and therefore is rejected.

14. From the statement of account of the Applicant filed by the Respondent, it emerges that she had made several payments to the Respondent, between July 2010 and October 2010. It has not been explained by the Applicant, as to why she made substantial payments in her account, without understanding the nature of the transactions in her account or requirement/need of making further payments in her account. She had an online account and could have checked her account in case of any doubts and should have refrained from making further payments, if she suspected any foul play or unauthorized trades in her account. Her actions clearly indicate that she was aware of the trades in her account and status of her account and therefore made further payments to continue trading in her account.

15. It has also been alleged by the Applicant that she was made to sign blank documents, which were later filled by the Respondent. This averment of the Applicant has no force for two reasons. Firstly the Applicant is an educated person having knowledge of securities and mutual funds etc and therefore she is expected to be knowledgeable and as a prudent person should have been fully aware of the pitfalls of signing blank documents and should have taken precautions in this regard. Secondly the Applicant ought to have raised this objection much earlier. I am in respectful agreement with the observations of the Hon'ble Bombay High Court in *SICOM LTD., VS HARJINDERSINGH (AIR 2004 BOMBAY 337)*, wherein it has been observed that the assertion in the reply filed by the defendant that the plaintiff obtained their signature on the blank documents, is "one of desperation and obviously not bona fide." As in that case, this grievance has been made by the Applicant for the first time in the Claim application in these proceedings which are belated and not bona fide. Accordingly, I find that there is no substance in the assertions placed by the Applicant in this regard.

16. The Applicant has stated that all the trading in her account were done without her consent and that she was kept in dark about the status of her account and the reason why the balance in the account has gone down. This averment is not supported by the documents on record placed by the Applicant and contrary to the facts and documents submitted by the Applicant herself. At page 46 of the Claim statement, she has contradicted herself completely. In her email dated 18th March 2012, addressed to Sailendra Jain more than one year after the trading was suspended in her account due to alleged unauthorized trading, she states "How long do you think it will take for this to recover the capital.... Starting July 2010, we are approaching July 2012....I can see massive losses" As per the Respondent trading member, the said Sailendra Jain left the services of the Company sometimes in 2012. This clearly indicates that she was in regular contact with the RM and was fully aware of the trading and consequent losses in her account. The Applicant also closed her DP account in June 2014, without any protests or demur. She approached IGRP only in July 2014 to redress her grievances against the Respondent.



She therefore at this stage, cannot put the burden on the Respondent to prove that the trading was done with her knowledge. Her assertions in this regard has no force and therefore liable to be rejected.

17. The Respondent has filed the proof of sending the contract notes to the Applicant at her registered email address provided in the KYC. The Respondent has also been sending statement of accounts to the Applicant. The Respondent has also submitted copies of the SMS log records of the SMS messages sent to the Applicant's registered mobile number during the disputed period. During the hearing the Applicant stated that she had indeed received the contract notes. However the SMS messages could not be received during the period she was out of the country. She however did not raise any objection or disputed any transaction on receipt of the contract notes or the SMS messages after each trade was carried out. Therefore the stand taken by the Applicant in this regard of her lack of knowledge of the trades during the disputed period cannot be accepted. Her statement is only a bald denial and is, therefore, not sufficient, as held by the Hon'ble Delhi High Court in the ORIENTAL BANK OF COMMERCE VS. EAGLE BOOK BINDER & ORS. (88) (2000) DLT 277

18. In view of the above facts and circumstances, the Applicant has not been able to establish that she was not aware of and had been kept in dark about the trading transactions done on her behalf from time to time during the disputed period or was totally ignorant of the status of her account with the Respondent. The Applicant has not been able to establish the allegation of fraud against the Respondent nor could show that she himself acted in a prudent or reasonable manner in her dealings with the Respondent and in accordance with BSE Regulations and the KYC/MCA executed between the parties. She cannot therefore claim any amount from the Respondent and remains fully liable for losses if any, suffered by her on account of these trades and can not shift the same on to the Respondent. All other contentions of the Applicant, having no force are rejected.

In view of the above and on the basis of the documents submitted and the submissions of the parties, I hold that the Applicant's case has no merit and the same is therefore rejected.

New Delhi
16th Nov, 2015


Vijai N Mathur
Sole Arbitrator