

मध्य प्रदेश MADHYA PRADESH

AC 046919

Before CA Vinod Kumar Shantilal Jain, Sole Arbitrator

In the Matter of Arbitration
under the Bye-laws, Rules & Regulations of MCX Stock Exchange Limited

A.M. No. MCX-SX/ARB/(IND-01)/2014

BETWEEN

Mr. Gyan Chandra Jain

..... Applicant

S/O Shri Jeevanlal Jain,
A-36, Nirmal Palace, Awadhपुरी (BHEL)
BHOPAL - 462 022

And

Angel Broking Ltd.

..... Respondent

Reg. Off. G-1, Ackruti Trade Centre,
MIDC, Road No. 7
Andheri (East), MUMBAI - 400 093
Trading Member
MCX Stock Exchange Ltd.

STATUS OF THE PARTIES

APPLICANT, Mr. Gyan Chand Jain S/O Shri Jeevanlal Jain R/O A-36, Nirmal Palace, Awadhपुरी (BHEL) Bhopal - 462 022, is an individual and client of the Respondent "Angel Broking Pvt. Ltd." since 10th September, 2013 having Client Code G25216. The Applicant's account with the respondent was activated for currency trading. The applicant's account with the trading member was activated for online trading, for which the trading member has allotted unique ID and Password. The applicant has initiated his first trade on 12th September 2013 and last trade on 10th October 2013.

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STAMP VENDOR
M.G. Road, INDORE (M.P.)
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Ed. No.

RESPONENT, Angel Broking Pvt. Ltd. is a Company registered under Companies Act, 1956 having its registered office at G-1, Ackruti Trade Centre, MIDC, Road No. 7, Andheri (E), MUMBAI 400 093. Respondent is Trading Member of MCX Stock Exchange Ltd. having Regn. No. INE261279838 for Currency Derivatives Segment. Respondent is also Depository Participant with CDSL having Regn No. IN-DP-CDSL-234-2004.

BINDING NATURE OF THE RULES, ETC OF MCX-SX & SEBI :

Both the Applicant and the Respondent have agreed under the Agreement between Stock Broker & Client dated 10th September, 2013 that they shall be bound by all the Rules, Bye-Laws and Regulations of MCX-SX & SEBI.

BACKGROUND OF THE CASE

Applicant has opened a Trading Account in Currency Derivatives Segment [Client Code : G25216] with Angel Broking Pvt. Ltd. on 10th September 2013. After opening the account an amount of Rs. 82,120.06 was transferred from his BSE Segment to MCD - Futures Account. Applicant's account was active for online trading. Applicant has initiated his first trade on 12th September 2013 through his online account.

During October 2013 dispute arises between applicant and respondent, resulting the applicant has lodged a complaint to IGRC about the dispute. The decision of IGRC was against the applicant.

Thereafter the applicant has filed an Arbitration Application on 26.02.2014. The case was fixed for hearing on 09.04.2014.

HEARINGS

The hearing was fixed on 9th day of April, 2014 and both the parties were intimated by about the same by MCX-SX.

Applicant Mr. Gyan Chandra Jain present personally and Mr. Yatindra Shah, on behalf of respondent.

Applicant presented his case himself and respondent through Mr. Yatindra Shah duly authorised.

APPLICANT'S ALLEGATION

The applicant alleged that on 10th day of October he was having about Rs. 2.50 lacs in his trading account and on advice of branch head of the TM he has purchased 416 Lots of GBPINR future.

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The applicant has also alleged that the branch head of TM had assured him that in the case of loss he will intimate to him and his position will not be squared off in any case without his consent.

On the above mentioned GBPINR future trades, applicant's position was in loss and he was ready to give cheque of the loss in fact he left his place with the cheque and intended to carry forward the position, But before he reach the respondent's office he was informed that there is no need to give cheque, because his position is squared off by the head office in absence of margin. Due the squared of the position he has suffered a loss of about Rs. 4.00 lacs.

The applicant further alleged that if the respondent did not provide such huge limit, he could not suffered huge loss.

RESPONDENT 'S DEFENCE

Respondent has submitted a TM and Client was entered into Client Broker agreement on 10th day of September 2013 and according to the Clause 5 of the Member Constituent Agreement (MCA) and Risk Disclosure Document (RDD) executed between the client and broker, TM had right to liquidate the position of the applicant in the case of losses/debit balance in the account.

The respondent has also stated that his office has given a margin call to the applicant but applicant has not made any assurance or attempted to pay the margin requirement as contended by the applicant.

The responded further explained that, the applicant was given overall limit according to the credit balance of Rs. 3,08,803.19 in his account and the applicant has punched all the trades through his online account, it shows that he was full aware of his trades and position of his loss. Since the applicant was under an obligation to maintain the margin requirement for his open positions at all times of the trading day. The applicant could not have forward the position without fulfilling the margin requirement on 10.10.2013.

Respondent further stated that the position was created by the applicant through his online account, so it was the responsibility of the applicant to maintain the margin requirement. The respondent was not in any obligation to permit the applicant to carry forward the position in absence of margin, so losses arises due to squaring off the positions can not be attributed to the respondent.



CLAIM OF APPLICANT

The applicant has filed this reference for an amount of Rs. 4,00,000/- on account of loss arises in Currency Derivative Segment.

Thus, the Applicant in his claim sheet, claimed an award for a sum of Rs. 4,00,000/-.


REASONING & CONCLUSION

While going through the relevant papers, proceedings and hearing I am of the opinion that ;

- Applicant was under an obligation to maintain margin requirement to carry forward his open positions.
- As applicant alleged that, TM's Branch Head had committed him for not to square off the position without his consent, but there is no written document available about this commitment.
- From the trade sheet it is clear that, applicant's open position was in loss and his credit balance in the trading account was not sufficient to carry forward the open position of the applicant. In fact his account's balance came into Debit Balance after squaring off the positions. In that case respondent was having right to square off the position as per the Clause 5 of the Member Constituent Agreement (MCA) and Risk Disclosure Document (RDD) executed between the client and broker.
- Since all the position were made by the applicant through his online trading account, hence it is clear that applicant was full aware of his position of loss about his open positions.

On the basis of the above, I conclude that the Applicant has failed to establish his claim against the Respondent which is accordingly dismissed.

Indore, dated 5th Day of May, 2014

Arbitrator :  CA Vinod Kumar Shantilal Jain