IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI

DATED THIS THE 30TH DAY OF OCTOBER, 2025

CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No.436 of 2025
[Along with Misc. Application No.1081 1082 of 2024]

Mohan Kumar Mittal
E-8, Surya Vihar Phase-4,
Naubasta Kalan, Lucknow,
Uttar Pradesh – 226028. …Appellant

(By Mr. Pritish Chatterjee, Advocate for the Appellant.

1. SEBI
   PN-C/7, G Block BKC,
   Bandra Kurla Complex, Bandra East,
   Mumbai, Maharashtra – 400 051.

2. BSE Ltd.
   14th Floor, PJ Towers,
   Dalal Street, Fort,
   Mumbai – 400001.

3. Motilal Oswal Financial Services Ltd.
   Motilal Oswal Tower,
   Rahimtullah Sayani Road,
   Opposite Parel ST Depot,
   Prabhadevi, Mumbai – 400025. …Respondent

(By Mr. Sumit Rai, Advocate with Ms. Prapti Kedia, Mr. Rushikesh Dusane, Advocates i/b Aagma Law Associates for the Respondent No.1 (SEBI).

Mr. Manish Chhangani, Advocate with Mr. Sumit Yadav, Mr. Abhay Chauhan, Mr. Atul Agrawal, Advocates i/b The Law Point for the Respondent No.2 (BSE).

Mr. Robin Shah, Advocate with Mr. Udaysingh Kashid, Advocate i/b Bodhi Legal for the Respondent No.3 (Motilal Oswal Financial Services).

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDERS DATED SEPTEMBER 10, 2024 PASSED BY ADJUDICATING OFFICER, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON OCTOBER 15, 2025 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P. S. Dinesh Kumar, Presiding Officer

This appeal is presented with a delay of 359 days with following prayers:

> "(i) The Impugned Order (Exhibit-"K") dated September 10, 2024 read with issued by the Respondent No. 1 be quashed and set aside;
>
> (ii) Grant the Restitution of loss Amount Rs. 5313585.45/- to Appellant.

(iii) Direct an inquiry towards the incident of 12.07.2024 and to hold the respondents responsible for financial loss of traders through the country

(iv) For such other and further reliefs as may be warranted on the basis of the facts and circumstances of the present Appeal or for furthering justice, as this Hon'ble Tribunal deems fit and proper."

2. We have heard Shri Pritish Chatterjee, learned Advocate for the appellant and Shri Sumit Rai, learned Advocate for the SEBI.

3. We have considered the appeal both on delay and merits.

4. Brief facts of the case are, appellant claims to be an investor in Indian Securities Market with nearly a decade's experience. He trades in the F&O Segment[1]. On July 12, 2024, when appellant was trading through broker's[2] trading terminal, BSE[3] terminal experienced a sharp rise at 10.53 a.m. Appellant attempted to exit his trading positions. He was unable to exit. The exit and square off orders, though punched did not show confirmation. Appellant received a notification on his terminal that the exchange connectivity had failed. Appellant contacted his broker on phone and instructed him to square off all his open

[1] Futures and Option Segment
[2] Motilal Oswal Financial Services Ltd.
[3] Bombay Stock Exchange

derivative positions manually to mitigate losses. Appellant received an email from his broker showing appellant's position to be zero with a loss of Rs.21.31 Lakhs. He received further emails intimating a total loss of Rs.53.13 Lakhs. Appellant filed a complaint on SEBI's SCORES platform seeking refund and detailed enquiry to find out the root cause. SEBI advised him to take up the matter for conciliation and arbitration through SMART ODR portal. He filed another complaint against the broker on SCORES platform again seeking refund and action. Appellant's broker by an email dated August 2, 2024 informed the appellant that there was connectivity issue with BSE's Future and Options segment which lasted over 60 minutes and it had affected all brokers.

5. After approaching the Hon'ble High Court of Allahabad, Lucknow Bench, in a writ petition, appellant has filed the instant appeal.

6. During the course of argument, learned Advocate for the appellant submitted that the appellant has suffered loss because of the connectivity issue for about 60 minutes. SEBI has not properly considered his complaints. He submitted that the first complaint was disposed of by advising the appellant to seek

conciliation and the second complaint has been disposed of by holding that the technical glitch was for a limited period of 29 minutes between 10:53 Am to 11:22 Am on July 12, 2024.

7. Shri Rai, learned Advocate for SEBI argued opposing the appeal.

8. We have carefully considered the rival contentions and perused the records.

9. On the last date of hearing, we had directed SEBI to complete instruction and to make submissions with regard to the action taken on appellant's complaints. Today, Shri Rai has made available the internal report for our perusal. The report records that

- the duration of the technical glitch was 29 minutes, i.e. between 10:53 a.m. and 11:22 a.m. (IST) on July 12, 2024;
- A few trading members reported 'error' with regard to some of their orders. It was noticed that there were multiple gateways (5 gateways) reporting loss of packets from matching engines;

- four gateways recovered automatically within 2 minutes and one gateway had to be manually restarted at 11:22 IST.

10. It is further recorded in the report that immediate corrective measures were taken, members and vendors were intimated about correct way of handling the messages.

11. Shri Rai submitted that, as per the Master Circular dated May 20, 2022, the investors are required to sign a declaration. The annexure-10 to the circular contains specific details with regard to system/network congestion. He submitted that SEBI has cautioned the investors with the problems that the investors may encounter. To ensure that investors indulge in the securities market with full knowledge about the risk, the investors are mandated to sign a declaration as per Annexure-8 of the circular.

12. Shri Rai further submitted that SEBI, as the regulator was satisfied that the glitch was between 10:53 AM and 11:22 AM and necessary action was taken as stated in the report. He contended that though appellant has used the word 'restitution of loss', in substance, he has sought for damages of Rs.53.13 Lakhs. He argued that damages can be awarded by a jurisdictional civil court, based on evidence after holding a trial.

13. Having perused the material placed before us by the SEBI, we are satisfied that SEBI has taken necessary action with regard to complaints lodged by the trading members. Regulator has reported that the duration of incident was 29 minutes, therefore, there was no necessity to declare it as a 'disaster'. We have perused the Master Circular dated May 20, 2022. In annexure-10 to the Circular, it is stated thus:

> *"RISK DISCLOSURE DOCUMENT FOR CAPITAL MARKET AND DERIVATIVES SEGMENTS*
>
> *This document contains important information on trading in Equities/Derivatives Segments of the stock exchanges. All prospective constituents should read this document before trading in Equities/Derivatives Segments of the Exchanges.*
>
> *Stock exchanges/SEBI does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor have Stock exchanges /SEBI endorsed or passed any merits of participating in the trading segments. This brief statement does not disclose all the risks and other significant aspects of trading.*
>
> ***<u>In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk</u>**."*
>
> ……………….

(Emphasis Supplied)

"***1.8 System/Network Congestion***:

Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. ***Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full.*** *You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transa*ctions."

(Emphasis Supplied)

14. The master circular also requires an investor to sign a declaration which reads as follows:

"DECLARATION

1. I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.

2. I/We confirm having read/been explained and understood the contents of the document on policy and procedures of the stock broker and the tariff sheet.

> 3. I/We further confirm having read and understood the contents of the 'Rights and Obligations' document(s) and **'Risk Disclosure Document'**. I/We do hereby agree to be bound by such provisions as outlined in these documents. I/We have also been informed that the standard set of documents has been displayed for Information on stock broker's designated website, if any.
>
> Place … (……………..)
> Date …… Signature of Client/(all) Authorised Signatory(ies)"

(Emphasis Supplied)

15. It is not in dispute that the appellant has indulged in securities market after signing the declaration as per the master circular. He claims to be in the securities market for a decade. Therefore, it is reasonable to infer that he was well aware of the risks involved in trading on the electronic platform. SEBI, as a regulator has examined the complaints and given a finding that the glitch was for 29 minutes; that four out of five gateways recovered within 2 mins and one gateway was manually restarted.

16. Appellant's contention is that as per broker's version the glitch was for two hours. This needs to be proved. Shri Rai is right in his contention that the main prayer sought in this appeal is for damages of Rs.53.13 Lakhs. He is also right in his contending that damages can be awarded in a court of

competent jurisdiction dealing with tort claims after proper adjudication of the *lis* based on the evidence on record. The said relief cannot be granted in this proceeding. Therefore, this appeal is meritless and liable to dismissed. Hence, the following

ORDER

1. Appeal ***dismissed reserving liberty to the appellant to enforce his claim before an appropriate forum, if so advised.***
2. It is clarified that we have not examined the merits of appellant's claim for Rs.53.13 Lakhs.
3. Pending interlocutory application(s), if any, stand disposed of.
4. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

30.10.2025
RHN

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