
THE DIGITAL FRONTIER OF JUSTICE: EVALUATING SECURITIES AND EXCHANGE BOARD OF INDIA'S ONLINE DISPUTE RESOLUTION FRAMEWORK FOR SECURITIES

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"Online Dispute Resolution has the potential to decentralise, diversify, democratise, and disentangle the justice delivery mechanism for the citizens in India."

– Justice D. Y. Chandrachud, Former Chief Justice of India

ABSTRACT

Propelled by the transformative growth in India's economy and the rising number of new investors in the securities markets, there has been a significant rise in the volume and complexity of investor disputes. The volume of disputes far exceeded the capacity of the traditional dispute resolution framework, marred by procedural delays, high costs, backlogs, inconsistencies across stock exchanges, and the waning confidence among investors in the market's integrity. To mitigate these limitations, as part of its decisive reformatory initiative, SEBI introduced the technology-driven Online Dispute Resolution system in 2023, which is also aligned with international best practices. The SEBI's ODR system offers a tiered and harmonised architecture that begins with conciliation and progresses to arbitration when necessary. It provides a single-window solution for filings, hearings, and awards into a centralised online platform, thereby addressing systemic inefficiencies while aligning with global best practices. The system is designed to harmonise overlapping legal jurisdictions, facilitate cost reduction, enhance accessibility, reduce procedural ambiguities, and bring down resolution time. The impact of the system extends beyond the structural and procedural improvements to broader regulatory and securities market objectives. Enhancing accessibility and inclusivity in dispute resolution, the system strengthens investor confidence and fosters better compliance among intermediaries. Notwithstanding the tremendous capabilities, areas of concern emerging out of the gap in digital literacy, non-compliance with the enforceability of awards, a threat to cybersecurity, data privacy, and the expertise of neutrals in the online dispute resolution architecture, need to be addressed and mitigated for sustained system integrity and maturity. By optimising efficiency, accessibility, transparency,

and enforceability, SEBI has set in motion the trajectory for a resilient and investor-centric dispute resolution ecosystem. Its success will hinge on regulatory adaptability and continuous stakeholder engagement, ensuring that it evolves into a benchmark for digital dispute resolution both domestically and globally.

Keywords: Online Dispute Resolution, Securities Market, Enforceability of Awards, Accessibility and Inclusivity, Regulatory Framework

1. Introduction and Background

The digital revolution of India's financial ecosystem, specifically the securities market, has ushered in a new regime of unparalleled accessibility, transparency, and efficiency of the justice system. Propelled by the national 'Digital India' initiative, there has been a rapid proliferation of online trading platforms, mobile applications, and digital demat accounts. This has successfully brought millions of new investors from the previously untapped semi-urban and rural areas into the fold of participation in the securities market, especially through the online platforms. However, this appreciable trajectory of investment inclusivity in the country has also been bereft of an equal preponderance of complex disputes and investor grievances¹. The nature of these disputes, which range from minor transactional errors to complex issues of market malpractice, poses a critical and mounting challenge to the regulatory integrity and stability of the securities market.

In response to this evolving market-related dynamics, the Securities and Exchange Board of India (SEBI), the country's principal securities market regulator, has embarked on a transformational course to fundamentally revolutionise its dispute resolution framework.² As part of its ongoing reformatory efforts, the SEBI has introduced its ambitious and pathbreaking, technologically-driven Online Dispute Resolution (ODR) system.³

This digital approach is guided by the proliferation of technology, essentially the affordable smartphones and the expanse of internet coverage, and their unprecedented affordability and

¹ Securities and Exchange Board of India, 'Study of Investor Grievance Redressal Mechanism in Securities Market in India' (2022) <https://investor.sebi.gov.in/pdf/reference-material/ppt/PPT-9%20Investor%20Grievance%20Redressal%20Mechanism-SEBI%20Scores,%20NSE,BSE,%20NSDL,%20CDSL%2030%20Sep%202022.pdf> accessed 24 September 2025

² The Economic Times, 'SEBI examines alternate dispute resolution mechanism for investors, regulated The Economic Times (New Delhi, 18 January 2022) 1.

³ Press Information Bureau, Government of India, 'Online Dispute Resolution' (Press Information Bureau, 25 March 2022) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1809625> accessed 24 September 2025.

literacy, which are shaping the entire spectrum of economic development. The enabling technological innovations like public digital architecture in the form of Unified Payments Interface (UPI), internet banking, and online interface for most financial and corporate functions have made digital transactions seamless and instantaneous, which demand an equally swift and agile mechanism for addressing disputes. For a market of over 100 million investors, a number that is projected to grow exponentially, the traditional system of filing of grievances and dispute resolution, constrained by the geographical location of administrative infrastructure and limited to in-person proceedings, was ill-equipped to handle the volume and velocity of grievances.⁴

This review will analyse how SEBI's watershed ODR platform is redefining the way for directly addressing these challenges by integrating advanced technologies, streamlining regulatory mechanisms, and creating a more level playing field for all stakeholders and participants in the securities market. This strategic response, aimed at dual imperatives of market growth and investor protection, characterises a forward-thinking commitment to the use of technology to enhance regulatory functions.⁵ Through the introduction of the technology-driven ODR system, the SEBI, besides optimising the compliance function, also aims at leveraging it to create a new paradigm of proactive and preventative justice. Placing greater precedence on the key performance indicators of speed, accessibility, cost efficiency, and procedural transparency of the securities arbitration, the ODR system introduced by the SEBI signifies a paradigm shift from the traditional securities arbitration system. Capitalising on technology and digital tools, the SEBI aims to bridge the accessibility gap, minimise physical infrastructure, and strengthen regulatory oversight. The sphere of impact of the ODR system will not only encompass the number of disputes resolved but also its ability to enhance market transparency, reduce systemic risks, and foster a culture of compliance among intermediaries.⁶ The transformative evolution of the dispute resolution framework characterises the amalgamation of structural and procedural reforms for the sustained growth and development

⁴ Securities and Exchange Board of India, 'Master Circular for Online Resolution of Disputes in the Indian Securities Market' (2023) https://www.sebi.gov.in/legal/master-circulars/dec-2023/master-circular-for-online-resolution-of-disputes-in-the-indian-securities-market_80236.html, accessed 24 September 2025.

⁵ Securities and Exchange Board of India, 'Consultation Paper on Guidelines for Responsible Usage of AI/ML in Indian Securities Markets' (20 June 2025) https://www.sebi.gov.in/reports-and-statistics/reports/jun-2025/consultation-paper-on-guidelines-for-responsible-usage-of-ai-ml-in-indian-securities-markets_94687.html accessed 24 September 2025

⁶ The Economic Times, 'SEBI to set up new online dispute resolution platform to resolve investor grievances' *The Economic Times* (New Delhi, 12 November 2022) 1.

of the securities market regulatory regime in India.

Following the international best practices and global experiences, the ODR system holds the potential to serve as a blueprint for other emerging economies facing similar challenges. This reformatory journey toward a fully digitised and integrated hybrid dispute resolution system is complex, fraught with legal, technological, and socio-economic challenges. Yet, its successful implementation is paramount to revolutionising the accessibility, inclusivity, reduction in cost, enforcement of awards, and overall, infusing confidence and trust of the investors in the dispute resolution framework, which is currently saddled with insurmountable backlogs.

It is in the backdrop of such an essential and pivotal aspect of the dispute resolution mechanism specific to the securities market that this analytical study intends to explore and analyse the SEBI's ODR system as a progressive mechanism for securities arbitration, with an emphasis on appraising its efficiency, accessibility, procedural fairness, and orientation with investor expectations. The review will study the motivations behind this decisive shift, the specific architectural, structural, and procedural features designed to address the limitations of traditional systems, and analyse the critical factors that will determine its nuanced and sustained accomplishments in fostering trust and confidence of the investor. The article will provide a wide-ranging assessment of how this technological approach to justice is not merely a procedural change but a progressive shift in the overall regulatory framework.

2. Traditional Framework in the Pre-ODR System: Structural and Procedural Challenges

During the pre-2023 securities arbitration regime, the arbitration process of disputes involving the SEBI was traditionally conducted under the guidelines of the Arbitration and Conciliation Act, 1996, the regulations of the SEBI, and stock exchange-specific arbitration rules.⁷ The traditional dispute resolution system in the securities market was widely criticised for being slow, expensive, and cumbersome, often creating a significant barrier to justice for retail investors. As per this system, disputes related to investor complaints, intermediary misconduct, or contractual discrepancies were required to be filed with the stock exchanges or SEBI itself, and then the case was assigned to the panel of arbitrators. This system of securities arbitration promised legal enforceability of the award through civil courts, thus safeguarding the opportunity for successful claimants to seek recourse in case of non-compliance. However, this

⁷ Arbitration and Conciliation Act 1996, ss 31–34

traditional system of securities arbitration demonstrated substantial limitations related to its efficiency and efficacy in safeguarding investor interests.⁸

A significant factor for the overarching limitation of the traditional system of securities arbitration has been the geographical centralisation of arbitration infrastructure and resources in the country. During this time, the arbitration infrastructure and the arbitrators were mainly located in the metro cities, which made it difficult for retail investors from small towns and rural areas to participate effectively. Such disproportionate limitations faced by investors to effectively participate in the SEBI-regulated dispute resolution process highlighted significant inequities of the system. The system being completely offline demanded the physical presence of the participants, which not only increased costs related to travel and accommodation for oneself, but also expenses towards engaging legal representatives to act on their behalf. It also presented procedural risks and defaults, like delays in filings or missed hearings, which could adversely affect the outcome of the case.⁹

The process of filing the grievance involved manual submission of a complaint with the concerned market participant, such as a broker, a depository participant, or SEBI, and it was often slow and difficult to track. In case of delays and lack of follow-up updates, the investor would have to escalate the issue to the stock exchange or SEBI through a physical letter or an offline form. Such inherent inefficiency, seated in the manual system of filing and tracking of grievances, created a massive backlog of complaints, diluting investor trust and confidence in the market's ability to protect their interests. The verification of the authenticity of physical documents, cross-referencing information, and manual data entry into disparate systems was not only time-consuming but also unwieldy. The system was wholly unprepared for the high-volume, low-value disputes that are characteristic of a democratised digital securities market.¹⁰

Cost inefficiency was one of the bigger concerns in the existing traditional system. Investors had to incur multiple expenses, such as fees for filing, notarisation of documents, legal representation, etc. The high costs of participation in the dispute resolution system discouraged

⁸ Neha Joshi and Shayan Ghosh, 'What's SEBI's score: Increasing investor complaints test regulator's redressal system' *LiveMint* (25 January 2025) <https://www.livemint.com/market/sebi-investor-complaints-grievance-redressal-system-scores-backlog-unauthorized-trading-delayed-payments-misselling-11737708966433.html> accessed 24 September 2025

⁹ CCESS Development Services (ed), *Inclusive Finance India Report 2021* (2021) https://www.indiaspend.com/uploads/2021/12/19/IFI_Report_2021.pdf accessed 25 September 2025

¹⁰ *Ibid* 1

retail investors from pursuing legitimate claims, which reflected the disparities in the system in relation to resourceful institutional investors. Although the existing mechanism, like the SCORES (SEBI Complaints Redress System) portal, was in place to facilitate the initial stages of grievance redressal, it often failed to provide a swift, cost-effective, and transparent resolution, especially for complex or high-value disputes that required formal arbitration.¹¹

Accessibility of information and procedural transparency were also matters of serious concern in the pre-ODR traditional system for dispute resolution. In this system, relying mostly on written communications, investors were required to preserve physical notices and resort to physical tracking of the case. Now, delays in the receipt of notices and default in the interpretation of procedural requirements have resulted in adjournments, missed deadlines, and procedural disputes.

The human element within this traditional framework also contributed to its inefficiencies. A complaint could be handled by multiple individuals across different departments, each requiring a separate physical file and a manual review. This fragmentation of the process often led to a lack of continuity and accountability, with investors feeling as though their grievances were lost in a bureaucratic black hole.

The pre-ODR system lacked a centralised monitoring, tracking, and data analytics system, which presented limitations for the SEBI in identifying bottlenecks, enforcing compliance, and generating insights for policy intervention. In the absence of such an enabling resource, the SEBI relied on manual reporting from the stock exchanges, which caused a delay in analysing system inadequacies and trends in investor complaints. Overall, this limitation severely impacted timely policy responses and inhibited SEBI from improving its regulatory capacity proactively.

Procedural complexity and inconsistencies across different stock exchanges were another set of limitations challenging the efficiency of the traditional system of securities-related arbitration. Stock exchanges had distinct arbitration rules that necessitated varying requirements for filing of cases, procedure, and timelines. Not only were there inconsistencies in the procedures and regulations, but there was also an inconsistency in the awards for similar disputes, depending on the forum. This not only led to unpredictability of the awards but also

¹¹ Securities and Exchange Board of India, 'SCORES Portal' <https://scores.sebi.gov.in/> accessed 24 September 2025

dissatisfaction and a perception of arbitrariness amongst the investors. The lack of standardised documentation and filing procedures implied that each complaint was a unique administrative challenge. The time spent on verifying the authenticity of physical documents, cross-referencing information, and manually entering data into disparate systems was enormous.

The collective impact of protracted timelines for disposal of cases, costs, accessibility limitations, and procedural inconsistencies necessitated a transformative approach, which ultimately resulted in the introduction of the ODR system by SEBI in 2023 to fundamentally reform the dispute resolution landscape.¹²

3. The Foundations of SEBI's ODR System: The Evolution and Present-Day Architecture

The introduction of an Online Dispute Resolution (ODR) system by the SEBI signifies a momentous transformation in India's securities regulation landscape. This ODR system came into operation through SEBI's circular dated 31 July 2023, with an objective of providing a common online platform to resolve disputes between investors and regulated intermediaries such as brokers, depository participants, mutual fund houses, and listed companies.¹³ This ambitious initiative aligns with international best practices in securities market regulation and technology-driven dispute resolution systems in operation globally for resolving a high volume of investor disputes efficiently and transparently. This system has been introduced to ensure the timely and investor-friendly resolution of disputes while concurrently optimising the burden on traditional forums such as civil courts, consumer commissions, and arbitral tribunals.¹⁴

This strategic and visionary initiative by SEBI is a move aimed at democratizing justice for a vast and geographically dispersed investor base.¹⁵ The ODR platform is ingeniously designed to provide a swift, cost-effective, and transparent alternative to the traditional redressal system of dispute. The architecture of this ODR system, which operates under the direct supervision of market infrastructure institutions (MIIs) like stock exchanges and depositories, leverages technology to enable a tiered mechanism for dispute resolution, starting with conciliation and,

¹² Ibid 8

¹³ Ibid 4

¹⁴ Ibid

¹⁵ "Fair and Transparent Securities Market: The Online Advantage" *The Financial Express* <https://www.financialexpress.com/opinion/fair-and-transparent-securities-market-the-online-advantage/3226784/> accessed 25 September 2025

if necessary, escalating to arbitration.¹⁶ This system marks a progression from a physical documentation process to a digitised, streamlined one, which is a crucial step in the direction of not only addressing the long-standing backlog of investor complaints but also fundamentally enhancing investor confidence in the regulatory system. A central and defining feature of this new system is the Securities Market Approach for Resolution Through the ODR Portal (“SMART ODR”), which integrates the entire dispute resolution process into a single, cohesive, and user-friendly online portal.¹⁷ This architecture of the ODR system provides an innovatively tiered solution for single-window operation to ensure maximum efficiency, eliminating the need for investors and market participants to navigate multiple, disparate systems.

Using this online platform, a complaint is first lodged with the concerned market participant for action at their end for resolution. In case the dispute remains unresolved at this stage, it is then escalated to tier-II, which is the existing SCORES portal for a deliberate review. Finally, in case the outcome from the tier-II is not felt to be satisfactory, the investor can seamlessly refer the case to the SMART ODR portal for a final and binding resolution through professional conciliation or arbitration.

A noteworthy reformatory innovation within the SEBI’s ODR system is its inclusive integration of modern, scalable technologies, incorporating best practices of a robust cloud-based architecture to enhance its functionality, efficiency, and overall investor-friendliness. This architectural configuration facilitates unparalleled scalability and robust performance, allowing the platform to handle a massive volume of disputes simultaneously without compromising on speed or reliability, which overcomes the limitations of delays and inconveniences in filing, travelling to nominated offices, and costs that were prevalent in the traditional system.¹⁸

Further, the system provides seamless and secure integration with other crucial regulatory systems and the back-end infrastructure of various market participants through the extensive

¹⁶ Securities and Exchange Board of India, ‘Online Resolution of Disputes in the Indian Securities Market’ SEBI Circular No SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 (31 July 2023) https://www.sebi.gov.in/legal/circulars/jul-2023/online-resolution-of-disputes-in-the-indian-securities-market_74794.html accessed 24 September 2025.

¹⁷ Ibid 4

¹⁸ “BFSI Cybersecurity Readiness: Explore RBI Compliance with CloudSEK” *CloudSEK* <https://www.cloudsek.com/knowledge-base/bfsi-cybersecurity-readiness-explore-rbi-compliance-with-cloudsek> accessed 25 September 2025

use of Application Programming Interfaces.¹⁹ This innovative feature of the system aids in creating a more transparent, auditable, and immutable trail of all dispute resolution proceedings, thus overcoming the earlier prevalent limitations of maintaining the records manually.²⁰ The system also enables instantaneous and secure submission of digital documents, evidence, and communication between all participants.²¹ In the dispute resolution, including the Market Infrastructure Institutions, thereby significantly reducing geographical barriers, eliminating the need for physical presence, and reducing financial burden.²²

The framework of the ODR system is particularly impactful for the conciliation stage, wherein the system facilitates virtual meetings, secure chatrooms, and digital document exchange, all within a time-bound and structured environment.²³ The ODR system provides a platform to facilitate the conciliation process to arrive at a mutual agreement between the parties through the empanelled conciliator. If the conciliation fails to arrive at a settlement between the parties. In that case, the case seamlessly moves to the arbitration stage, wherein a qualified arbitrator reviews all the digital evidence, conducts virtual hearings if necessary, and delivers a final, binding award, all within the confines of SEBI's ODR system.²⁴

The analytics and monitoring capabilities of the ODR system provide valuable inputs for performance analysis on multiple dimensions. The dynamic dashboard feature provided in the ODR system enables real-time information on trending case categories, geographic distribution of claims, average timelines, and compliance rates. This data, now available to SEBI, is valuable for analysing limitations, taking measures for their mitigation, implementing policy interventions, and optimising arbitrator allocation. It can also be concluded that the SEBI's

¹⁹ Niveus Solutions, 'API-First Digital Transformation for Financial Sector in Singapore' <https://niveussolutions.com/api-first-digital-transformation-for-financial-sector-in-singapore/#:~:text=The%20API%2Dfirst%20approach%20is,with%20their%20clients%20and%20partners> accessed 25 September 2025

²⁰ "What Is an E-Signature? Everything You Need to Know" *Mondaq* <https://www.mondaq.com/india/it-and-internet/1613026/what-is-an-e-signature-everything-you-need-to-know> accessed 25 September 2025

²¹ Securities and Exchange Board of India, *Annual Report 2022-23 (2023)* https://www.sebi.gov.in/reports-and-statistics/publications/aug-2023/annual-report-2022-23_74990.html accessed 25 September 2025

²² "India's digital infrastructure is going global: What kind of power is it building?" *TechPolicy.Press* <https://www.techpolicy.press/indias-digital-infrastructure-is-going-global-what-kind-of-power-is-it-building/> accessed 25 September 2025

²³ Lakshmi Prasanna Boleam and Dr Kama Sai S V M, 'Online Dispute Resolution — Its Prospective in India' (2022) 8(6) *International Journal of Law* 173 <https://www.lawjournals.org/assets/archives/2022/vol8issue6/8-5-92-750.pdf> accessed 25 September 2025

²⁴ Rise of Online Arbitration in India: Challenges, Opportunities and Call for a Code" *The Arbitration Workshop* <https://www.thearbitrationworkshop.com/post/rise-of-online-arbitration-in-india-challenges-opportunities-and-call-for-a-code> accessed 25 September 2025

ODR system is equitable with the best international practices in terms of centralised monitoring, data-driven insights, and virtual arbitration.²⁵

The structural strength of the SEBI's ODR framework lies in its harmonisation of overlapping jurisdictions that previously created ambiguity for the parties seeking dispute resolution^{26,27}. For example, disputes concerning misconduct by brokers or depository participants could concurrently come under the purview of SEBI's jurisdiction under the SEBI Act, contractual obligations under the statutory jurisdiction of private law, and remedial avenues under the jurisdiction of the Consumer Protection Act.²⁸ SEBI has successfully mitigated the risks of forum-shopping and conflicting decisions by channelising such disputes into the harmonised and uniform ODR platform. Likewise, in cases of disputes that are closely related to the jurisdiction of the company law, such as those arising out of shareholder grievances against listed companies, they are harmonised with securities regulation, since under section 24 of the Companies Act, such cases are deferred to SEBI in matters of listed entities.²⁹ In this unique way, the ODR system achieves harmonisation of the disputes with the Arbitration Act, ensuring that online arbitral awards are equally enforceable as physical awards, thereby bridging the gap between digital dispute resolution and traditional arbitral jurisprudence.³⁰ This thoughtful statutory harmonisation of the disputes with the Arbitration Act holds the key to the credibility and functionality of SEBI's ODR system.

The ODR framework also conducts a dynamic and real-time performance audit of the system through the integration of the Key Performance Indicators ("KPIs") feature. SEBI's circular mandates that arbitral institutions must collect and publish data on resolution timelines, disposal rates, settlement percentages, compliance with awards, and user satisfaction. Having incorporated the KPI feature in the ODR system, SEBI aligns with international best practices, like the Financial Industry Regulatory Authority (FINRA), jurisdiction of the United States and the Financial Ombudsman Service, jurisdiction of the United Kingdom, the Monetary Authority of Singapore (MAS), and the European Union's ODR Regulation, all of which have

²⁵ SEBI steps up fight against cyber frauds, seeks support" *Times of India* (New Delhi, 25 August 2025) 1

²⁶ SEBI, Master Circular for Online Dispute Resolution, 28 December 2023, https://www.sebi.gov.in/legal/master-circulars/dec-2023/master-circular-for-online-resolution-of-disputes-in-the-indian-securities-market_80236.html accessed on 17 September 2025

²⁷ SEBI, Online Resolution of Disputes in the Indian Securities Market, 31 July 2013, https://www.sebi.gov.in/legal/circulars/jul-2013/online-resolution-of-disputes-in-the-indian-securities-market_74794.html

²⁸ Consumer Protection Act 2019, s 2(6) read with s 100

²⁹ Companies Act 2013, s 24(2)

³⁰ Arbitration and Conciliation Act 1996, s 36

contributed significantly to improvements in timeliness, compliance, and investor satisfaction in which cases, transparency of the dispute resolution framework is achieved through systematic publication of metrics.³¹

The primacy of focus of the SEBI on time-bound dispute resolution is aptly demonstrated again through the performance indicator feature, which has helped to strengthen investor confidence in the system. These KPIs not only serve as performance benchmarks, but also signify the precedence accorded to establish accountability in securities regulation by SEBI, which has warned all stakeholders that strict measures, like non-compliance or delays by regulated entities, would invite regulatory action, including suspension or cancellation of registration. Some of the parameters of the KPI feature of the ODR system include³²,

- **Average Resolution Time.** Conciliation is to be completed within 21 days and arbitration within 60 days.
- **Settlement Rate.** Real-time tracking of the proportion of disputes resolved through conciliation or mediation before escalation to arbitration.
- **Compliance with Awards.** Real-time tracking of compliance with awards to ensure that parties, particularly intermediaries, honour arbitral outcomes without delay.
- **User Accessibility and Satisfaction.** Assessed through feedback surveys conducted at the conclusion of proceedings.
- **Geographic Penetration.** Real-time assessment of access for investors in non-metro areas by leveraging digital participation rather than physical hearings.

This technology-based foundation not only contributes to efficiency and investor friendliness but also creates a verifiable and tamper-proof record of every step of the process, from initial complaint to final resolution.³³ The collective potential of robust technology, an investor-friendly interface, and a well-defined procedural framework makes the ODR system a

³¹ Financial Industry Regulatory Authority, '2022 Dispute Resolution Statistics' (FINRA) <https://www.finra.org/arbitration-mediation/dispute-resolution-statistics/previous-year-end-dispute-resolution-statistics/2022> accessed 25 September 2025

³² Ibid 16

³³ "Admissibility of Electronic Evidence under the Indian Evidence Act, 1872" *Manupatra Articles* <https://articles.manupatra.com/article-details/ADMISSIBILITY-OF-ELECTRONIC-EVIDENCE-UNDER-THE-INDIAN-EVIDENCE-ACT-1872> accessed 25 September 2025

revolutionary step in financial justice.³⁴

4. Critical Analysis of ODR System – Achievements and Areas of Concern

The implementation of SEBI's ODR system has demonstrated significant potential and achievements, signifying a credible reformatory step toward a more efficient and transparent securities market aligned with international best practices. The principal achievement has been the drastic improvement in accessibility, inclusivity, cost reduction, and the integration of all stakeholders in the dispute resolution process. By creating a single window, investor-friendly SMART ODR portal, the SEBI has made the dispute resolution process available to a much wider investor base, regardless of their geographical location.³⁵ The tiered approach, which starts with the mandatory conciliation, encourages early resolution and averts disputes from escalating unnecessarily. The technology-driven architecture ensures an efficient and seamless integration of parties and regulators, significantly reducing resolution times.³⁶ Further, the system has tremendously boosted transparency and accountability. The system aids in preventing procedural ambiguities and instilling greater trust in the process by creating a clear, auditable trail of all communications, documents, and proceedings.³⁷ This has been a key factor in building investor confidence in the securities market's integrity.³⁸

Cybersecurity and data privacy are also critical concerns. The ODR system captures a large volume of personal and financial data of the participants filing for dispute resolution. Like any other online platform, the ODR system also maintains a centralised repository of data. This sensitive data is at risk of cyber-attacks and violation of data privacy on account of exposure to potential breaches, phishing attacks, and unauthorised access.³⁹ Towards mitigation of the potential threats to this sensitive data, SEBI has implemented safeguards like multi-factor authentication, end-to-end encryption, and periodic audits.⁴⁰ In acknowledgement of the high

³⁴ “From Algorithms to Accountability: Analysing SEBI’s AI/ML Governance Framework” *IndiaCorpLaw* (16 July 2025) <https://indiacorplaw.in/2025/07/16/from-algorithms-to-accountability-analysing-sebis-ai-ml-governance-framework/> accessed 25 September 2025

³⁵ *Ibid* 15

³⁶ *ibid* 9

³⁷ *Ibid* 8

³⁸ Cyril Amarchand Mangaldas, ‘SMART ODR Portal: Not the Only Game in Town’ (Brokers’ Forum / Forum Views, December 2023) https://www.cyrilshroff.com/wp-content/uploads/2020/09/ODR-Article_Broker-Forum.pdf accessed 25 September 2025

³⁹ *Ibid* 33

⁴⁰ “BFSI Cybersecurity Readiness: Explore RBI Compliance with CloudSEK” *CloudSEK* <https://www.cloudsek.com/knowledge-base/bfsi-cybersecurity-readiness-explore-rbi-compliance-with-cloudsek> accessed 25 September 2025

order of potential threat to the data and system integrity, sustained measures and continuous vigilance are essential.

One of the foremost challenges that has come to notice is the digital literacy among investors, specifically in tier-II and tier-III cities. The ODR does provide for greater accessibility by way of virtual hearings and online filings; however, investors with limited digital literacy skills struggle to navigate the system, resulting in errors, missed deadlines, or incomplete submissions.⁴¹ It is therefore vital to bridge this gap through targeted educational initiatives, a multi-pronged outreach strategy, and the provision of local language support, which is crucial for ensuring truly inclusive access to justice.

The legal and procedural enforceability of ODR awards remains a challenge. While the platform is a potent tool for facilitating conciliation and arbitration, the finality and enforceability of the resulting awards must be legally binding and unambiguous.⁴² The ODR system has been ingeniously designed in alignment with the Information Technology Act, 2000, to ensure that electronic documents and digital evidence are legally admissible.⁴³ However, the enforceability of an award, especially against non-compliant parties, will require a clear and efficient legal pathway. This remains a critical element that can undermine the system's credibility and its ability to deliver real, meaningful justice to investors.⁴⁴

5. The Way Ahead

The introduction of the ODR system by SEBI indicates a decisive shift in Indian securities regulation, harmonising statutory frameworks like the SEBI Act 1992, the Companies Act 2013, the Depositories Act 1996, and the Arbitration and Conciliation Act 1996. The analysis of the efficacy of SEBI's ODR system signifies that there has been a significant advancement in the landscape of securities dispute resolution in India, achieved by harmonising multiple legal frameworks, reducing case resolution times, and aligning with international best

⁴¹ "Digital Divide a Challenge for Inclusion, Equity: NITI Aayog" *LiveMint* (New Delhi, 22 October 2022) <https://www.livemint.com/news/india/digital-divide-a-challenge-for-inclusion-equity-niti-aayog-11650091164546.html> accessed 25 September 2025

⁴² *SEBI releases new guidelines to improve cybersecurity framework for stock exchanges* *LiveMint* (30 August 2023) <https://www.livemint.com/market/stock-market-news/sebi-releases-new-guidelines-to-improve-cybersecurity-framework-for-stock-exchanges-details-here-11693369946898.html> accessed 25 September 2025

⁴³ Deloitte Insights, '2025 Financial Services Industry Outlooks' *Deloitte* <https://www.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks.html> accessed 25 September 2025

⁴⁴ PwC India, *Global Economic Crime Survey 2024 – India Outlook* (2024) <https://www.pwc.in/assets/pdfs/pwcs-global-economic-crime-survey-2024-%E2%80%93-india-outlook.pdf> accessed 25 September 2025

practices. Yet, there do exist limitations and areas of concern that need measures for improvement and to sustain the standards achieved so far. Challenges pertaining to harmonisation of disputes with statutory jurisdictions, scaling up accessibility, adaptation of arbitrators to techno-legal modalities of the ODR system, and sustainability issues continue to persist. The recommendations offered here are aimed at addressing the structural, procedural, and policy-level gaps in SEBI's ODR system. To mitigate these concerns, SEBI has embarked on a multi-pronged strategy.

5.1 *Enhancing Procedural Integrity in ODR System*

Considering the insurmountable backlogs and prolonged timelines, it is recommended to make **conciliation mandatory before arbitration**, with limited exceptions (which may include fraud or systemic misconduct).⁴⁵ This is with the view to ensuring disputes are amicably resolved where possible, while still providing recourse to arbitration for unresolved matters. Further, SEBI should consider enforcing **non-retractable consent** once parties opt into ODR conciliation, to overcome the current challenge where parties withdraw mid-course to stall resolution.⁴⁶

5.2 *Strengthening Neutrality, Proficiency, and Enforcement*

The success of the ODR relies upon the integrity and credibility of neutrals. It is recommended that SEBI should maintain **panels of conciliators and arbitrators** with domain specialisation in securities law, corporate law, and securities markets.⁴⁷ Periodic training and accreditation, monitored by SEBI and independent professional bodies, would lend to the enhancement of expertise and neutrality.⁴⁸

Enforcement remains a concern to be addressed with urgency. Arbitral awards passed under

⁴⁵ Securities and Exchange Board of India, 'Draft Circular on Amendments to Master Circular on Online Resolution of Disputes in the Indian Securities Market' (April 2025) https://www.sebi.gov.in/reports-and-statistics/reports/apr-2025/draft-circular-on-amendments-to-master-circular-on-online-resolution-of-disputes-in-the-indian-securities-market_93496.html accessed 25 September 2025

"SEBI proposes changes to online dispute resolution mechanism" *Moneycontrol* (New Delhi, date not given) <https://www.moneycontrol.com/news/business/markets/sebi-proposes-changes-to-online-dispute-resolution-mechanism-13000068.html> accessed 25 September 2025

⁴⁷ Ibid

⁴⁸ Securities and Exchange Board of India, 'Consultation Paper on Guidelines for Responsible Usage of AI/ML in Indian Securities Markets' (20 June 2025) https://www.sebi.gov.in/reports-and-statistics/reports/jun-2025/consultation-paper-on-guidelines-for-responsible-usage-of-ai-ml-in-indian-securities-markets_94687.html accessed 24 September 2025

SEBI's ODR system must be accorded the same **binding enforceability** as empowered under the Arbitration and Conciliation Act 1996, and SEBI must be sanctioned to impose penalties for non-compliance.⁴⁹ This is strongly recommended to address the systemic problem of non-compliance, leading to dilution of trust and confidence in the system.

5.3 *Maintenance of Transparency, Improving KPIs, and User-Friendliness of the System*

SEBI should mandate the annual publication of **Key Performance Indicators** for the ODR system, like average time to disposal at conciliation and arbitration stages, settlement rate at conciliation, enforcement rate of arbitral awards, cost of proceedings per dispute, and user satisfaction and accessibility indices.⁵⁰ The institution of the KPI-driven model is with the expectation of not only enhancing accountability but also providing valuable insights for refining the ODR system. It is also expected that establishing transparency of performance metrics would strengthen investor confidence and trust.

With the objective of making the ODR system more user-friendly and ensuring inclusivity, SEBI's ODR platforms must adopt **multilingual support, mobile access, and assisted filing mechanisms, primarily to facilitate** accessibility to retail investors in tier-II and tier-III cities.⁵¹

To address the concerns on the digital literacy gap, SEBI, in collaboration with MIIs and other financial institutions, should launch nationwide educational and awareness campaigns with a focus on imparting hands-on training on exploiting the ODR system. This could also involve creating instructional videos in multiple regional languages and the establishment of help centres, especially in tier-II and tier-III cities.⁵²

5.4 *Integration of the ODR System with Other Statutes*

A major challenge in SEBI-related disputes has been the jurisdictional overlap with the **Companies Act 2013, Depositories Act 1996, and Arbitration and Conciliation Act 1996**. SEBI's ODR system has, by and large, provided an arrangement wherein disputes involving

⁴⁹ Arbitration and Conciliation Act 1996, s 35

⁵⁰ Ibid 5

⁵¹ "SEBI proposes major amendments to online dispute resolution in securities market" *Economic Times Legal* (New Delhi, 25 April 2025) 1 <https://legal.economicstimes.indiatimes.com/news/regulators/sebi-proposes-major-amendments-to-online-dispute-resolution-in-securities-market/120605522> accessed 25 September 2025

⁵² Ibid 41

multiple statutes can be centrally adjudicated through one online platform. This reduces jurisdictional dilemmas and ensures a single-window resolution progression. Besides this, harmonisation with the Ministry of Corporate Affairs and depositories will assist in avoiding parallel proceedings and conflicting outcomes.

5.5 *Enhancing Investor Confidence and Global Relevance*

The investor trust is the most critical factor for the success of SEBI's ODR system. SEBI should introduce **feedback forums** where participants of ODR platforms can share their experience, and periodic third-party audits of the system should be made public.⁵³

International best practices such as FINRA's arbitration model in the US or the FCA-linked Financial Ombudsman Service in the UK have demonstrated that sustained investor trust and confidence in the ODR rests on **credibility, low costs, and speed**. SEBI's ODR system is inspired by such successful experiences and principles. Sustained and continued alignment with global benchmarks and models can position India as a leader in tech-enabled securities dispute resolution.⁵⁴

5.6 *Cyber Security for System Integrity*

For cybersecurity, the platform needs to implement a zero-trust architecture for stringent verification of access requests by the use of multi-factor authentication for all users, robust encryption for all data, and continuous monitoring for suspicious activities. Periodic penetration testing and cyber audits by independent third-party firms are essential to identify and patch vulnerabilities before they can cause damage. Furthermore, a clear and structured incident response mechanism is crucial to ensure system integrity in the shortest time in the event of a breach.⁵⁵

6. Conclusion

The introduction of the ODR system by SEBI into the domain of securities regulation marks a

⁵³ IOSCO, *Online / Digital Dispute Resolution (ODR / DDR): Towards Data-Driven and Responsible Innovation* (Pub Doc No 800, 2024) <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD800.pdf> accessed 25 September 2025

⁵⁴ Financial Industry Regulatory Authority, '2024 Dispute Resolution Statistics' (FINRA, 2024) <https://www.finra.org/arbitration-mediation/dispute-resolution-statistics/2024> accessed 25 September 2025

⁵⁵ Niveus Solutions, 'API-First Digital Transformation for Financial Sector in Singapore' <https://niveussolutions.com/api-first-digital-transformation-for-financial-sector-in-singapore/#:~:text=The%20API%2Dfirst%20approach%20is,with%20their%20clients%20and%20partners> accessed 25 September 2025

transformative step in India's justice ecosystem. By dovetailing technology into the dispute resolution framework, SEBI has sought to mitigate the long-drawn challenges of backlog, delay, and prohibitive costs that have undermined investor trust and confidence. The ODR system, harmonised with the Arbitration and Conciliation Act 1996, the Companies Act 2013, the Depositories Act 1996, and SEBI's regulatory mandates, provides a synergised platform for delivering faster, more transparent, and uniform remedies.⁵⁶

The principal advantages of the ODR system lie in its accessibility and efficiency. Distinct from traditional arbitration, the ODR system has the capacity to handle a large number of disputes concurrently while ensuring procedural consistency.⁵⁷ This is more significant for securities market disputes, which generally encompass numerous retail investors whose claims are individually small but collectively crucial to the health of the market. This online system also holds the potential for wider accessibility and scalability of features and functions. Moreso, SEBI's ODR system is aligned with the promising global trends in securities market regulation. The European Union, Singapore, and the United States jurisdictions have already commenced experimentation with digital justice and market-specific ODR systems to enhance investor protection.⁵⁸ By tracing the trajectory of global benchmarks, SEBI endeavours to make India's capital markets competitive and trustworthy both domestically and globally.

The Key Performance Indicators recognised by SEBI for its ODR system, such as reduced case disposal time, lower cost per dispute, and higher levels of user satisfaction, have demonstrated credible and promising metrics.⁵⁹ These empirical insights are the most rewarding assurance for regulatory accountability and market stability, which has contributed to reinforcing trust between investors, issuers, and intermediaries. The sustained progression of SEBI's ODR system will hinge on mitigating certain criticalities, such as data security, jurisdictional overlap with other regulatory provisions, and ensuring procedural fairness in the online environment.⁶⁰

⁵⁶ Arbitration and Conciliation Act 1996; Companies Act 2013; Depositories Act 1996; SEBI Act 1992

⁵⁷ OECD, 'Digital Transformation' *OECD* <https://www.oecd.org/en/topics/policy-issues/digital-transformation.html> accessed 25 September 2025

⁵⁸ European Commission, *EU Justice Scoreboard 2022* (May 2022) https://commission.europa.eu/system/files/2022-05/eu_justice_scoreboard_2022.pdf accessed 25 September 2025

⁵⁹ ICC, *Report of the ICC Arbitration & ADR Commission: Leveraging Technology for Fair, Effective and Efficient International Arbitration Proceedings* (February 2022) <https://iccwbo.org/wp-content/uploads/sites/3/2022/02/icc-arbitration-and-adr-commission-report-on-leveraging-technology-for-fair-effective-and-efficient-international-arbitration-proceedings.pdf> accessed 25 September 2025

⁶⁰ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (2023) <https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf> accessed 25 September 2025

Continuous engagement with the stakeholders and regular technological upgradation will further complement the evolutionary progression of the ODR system.

Finally, the introduction of SEBI's ODR system reflects a decisive shift in the governance of the securities market in India. It embodies a move from passive dispute resolution to a proactive, technology-driven justice system that promises efficiency, transparency, and inclusivity.⁶¹ If implemented with foresight and empowered by statutory provisions, the SEBI's ODR system holds the potential not only to strengthen the dispute resolution ecosystem in India but also to emerge as a benchmark for a technology-driven dispute resolution architecture globally.

⁶¹ Ethan Katsh and Orna Rabinovich-Einy, 'Digital Justice: Technology and the Internet of Disputes (Introduction)' (2017) SSRN https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3508311 accessed 25 September 2025