



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION

COMMERCIAL ARBITRATION PETITION (L) NO. 24328 OF 2025

M/S Motilal Oswal Financial Services Limited]
A company incorporated Under the]
Companies Act, 1956, Having its registered]
office at Motilal Oswal Tower Rahimtullah]
Sayani Marg, Opposite Parel S.T. Depot,]
Prabhadevi, Mumbai – 400 025.]
Through Authorized Representative, Mr.]
Dwibendu Mohanty] **...Petitioner**

Versus

1) Rupesh Kumar]
Age: Unknown, Adult, Inhabitant of Mumbai]
Having a residential address at 1801, Tower]
7, Runwal Greens, Mulund (W) Mumbai 400]
078] **...Respondent**

Mr. Chirag Shah a/w Mr. Mayank Mishra, Mr. Harsh Pathak i/b
Durgaprasad Sabnis, for the Petitioner.
Mr. Prasanth Raju, for the Respondent.

CORAM : SHARMILA U. DESHMUKH
RESERVED ON : February 6th, 2026
PRONOUNCED ON : March 25th, 2026

JUDGMENT:

1. By this Petition filed under Section 34 of the Arbitration and Conciliation Act, 1996 (for short "Arbitration Act"), the challenge is to the Award dated 6th May, 2025 passed by the Learned Sole Arbitrator awarding sum of Rs 9,72,222/ alongwith interest.



2. The Petitioner is a registered stock broker with National Stock Exchange of India Limited and Bombay Stock Exchange Limited (BSE). The Respondent is a registered client of the Petitioner having entered into formal broker client agreement as per the applicable regulations. The dispute in the present case arose out of the discrepancy between the trading terminal display, trade confirmations and final contract note issued by the Petitioner. The final contract note reflected loss of Rs 11.25 lakhs which according to the Respondent constitutes unauthorised trades that were neither displayed on the trading terminal nor mentioned in the trade confirmation.

3. On 12th July, 2024, the Respondent executed 9 online transactions at BSE platform. During the trading session on 12th July, 2024, a connectivity/server issue occurred at BSE's F& O segment. It is the Petitioner's case that due to the connectivity issue, the Respondent was not receiving real time trade data from BSE along with trade placement issue with one of the Trade ID for offline trades. There was continuous correspondence via email with the BSE help desk and the technical issue persisted till end of trading session and the Petitioner's system sent trade confirmation on the basis of BSE's insufficient data. Later BSE supplied the complete transaction details and accordingly contract note was issued.

4. The Respondent's case is that the connectivity issue with BSE



occurred during 10.53 a.m. to 11.25 a.m. and after 11.25 a.m. all order channels of BSE started functioning normally and all pending orders with exchange were immediately matched. At the end of trading day, the trade terminal and the trade confirmation sent by the Petitioner were matching and there was discrepancy in the contract note sent later in the evening.

5. Till September, 2024, no dispute was raised by the Respondent and the Respondent continued to transact and trade from his trading account held with the Petitioner. On 20th September, 2024, a complaint was filed by the Respondent with the Conciliation Forum which came to be rejected. The Respondent invoked arbitration through the online dispute resolution mechanism, and the Learned Arbitrator passed the impugned Award on 6th May, 2025 directing the Petitioner to pay sum of Rs. 9,72,222/- along with interest. Hence, the present petition has been filed.

6. Learned counsel for the Petitioner submits that after period of two months, the grievance was raised by the Respondent. He submits that there were nine trades conducted by the Respondent and the dispute is only about two trades, He submits that the confirmation about these two trades came later, due to the technical glitch at the BSE. He submits that there was no official announcement by the BSE confirming the time period during which connectivity issues lasted and



the Learned Arbitrator relies upon social media accounts to hold that connectivity issues lasted only for a period from 10:53 a.m. to 11.25 a.m. He would further point out the e-mails sent by the Petitioner to the BSE help desk stating that they were unable to download the complete trades due to issue on the Exchange's end and calling upon them to immediately resolve the issue. He would further submit that the Learned Arbitrator has granted compensation for preventable losses based on surmises.

7. He would submit that the Respondent while opening the account expressly accepted under the risk disclosure document that brokers would not be liable for system related failures of Exchange. He would further submit that Securities and Exchange Board of India (SEBI) master circular dated 17th May, 2023 and 22nd November, 2022 clarify that liability for such technical malfunction rests with the Exchange. He submits that the impugned Award fails to consider the evidence and regulatory framework, and is therefore, perverse and opposed to the public policy of India.

8. *Per contra*, learned counsel for the Respondent would submit that it is the Petitioner's own internal failure that persisted long after the glitch at BSE was resolved. He submits that the technical glitch occurred at BSE on 12th July, 2024 between 10:53 a.m. to 11:25 a.m. in respect of which the Respondent has not claimed any losses. He submits that post



resolution of technical glitch, the Respondent continued trading till close of the market and the Petitioner's own trading terminal disclosed a net loss of Rs.1.53 lakhs which was confirmed by the Petitioner's official trade confirmation. He submits that, however, the contract note issued later that evening reflected grossly inflated loss of Rs. 11.25 lakhs showing discrepancy of Rs. 9.72 lakhs which trades were never reflected on the live trading terminal. He submits that after the Petitioner's employees repeatedly assured a refund but failed to refund for months, arbitration was initiated.

9. He submits that the SEBI master circular for stock brokers dated 17th May, 2023 provides that the order/trade confirmation should also be sent to investors through email in addition to the other mode of display of such confirmations on the real time basis on the brokers website. He submits that the aforesaid obligation is mandatory and requires real time or near real time display and confirmation of trades. He submits that the Petitioner failed to provide real time trade confirmation and visibility of executed trades even after the connectivity issue was resolved which constitutes a breach of SEBI master circular.

10. He would submit that the discrepancy of Rs. 9.72 lakhs arose from unconfirmed and invisible trades that surfaced only in the end of the day contract notes and as there was failure to provide real time trade



confirmation and visibility for some of the executed trades after 11:25 a.m., the Respondent was deprived of the right to take corrective action and continued to trade on the belief that his losses were limited. He submits that the SEBI (Stock Brokers) Regulations, 1992 mandates that the broker shall act with due care and the master circular issued by SEBI operationalizes these duties in the context of internet-based trading. He submits that reliance placed on the internet-based trading clauses or risk disclosures documents is wholly misconceived, as contractual terms cannot override statutory obligation.

11. He submits that the Learned Arbitrator has found that the Respondent has failed to produce any time stamped audit trails, system logs or test certificates evidencing compliance with BSE circular V 1.6.10 and that the Respondent's reliance on ETI API manual version 1.5.7 was misplaced and outdated in as much as the governing circular mandates implementation of error code 104 and a robust trade reconciliation mechanism. He submits that the Learned Arbitrator has rightly rejected the plea of industry wide continuation of issue by taking into consideration independent confirmations from other brokers that normal trade flow had resumed after 11:25 a.m. He submits that the issue had arisen post resolution of the technical glitch, and therefore, failure was not on account of BSE.

12. He submits that the trades that surfaced for the first time only in



contract notes are unconfirmed trades. He submits that the findings of the Learned Arbitrator are not perverse as the BSE official response on Smart ODR dated 3rd October, 2024 confirmed that the exchange glitch was only limited to morning hours which is also supported by the independent social media post from other brokers. He submits that there is no evidence produced by the Petitioner to support its claim of a day long glitch.

13. Rival contentions now fall for determination:

14. The Respondent claims unauthorised trade in his account due to discrepancy in the trade terminal display, trade confirmation as against the contract note issued. The Petitioner claims non receipt of real time trade data details and inability to download complete trade details due to technical glitch at the Exchange resulting in actual transaction details being supplied by BSE later resulting in discrepancy.

15. The Learned Arbitrator has formulated the correct proposition on the issue of technical failure and regulatory breach. The impugned Award takes into consideration the evidence showing non receipt of trade confirmations post 11.25 a.m. on 12th July, 2024. The trade log submitted the Respondent was not accepted in the absence of validation by the BSE. The Learned Arbitrator recorded a finding of non compliance with BSE Circular V 1.6.10 which mandates implementation of Error Code 104 and robust trade reconciliation mechanism and that



the Petitioner's reliance on ETI API Manual Version 1.5.7 is outdated. On the basis of BSE's response dated 3rd October, 2024 on SMARTODR Portal, it rejected the Petitioner's plea of day long glitch noting that the connectivity issue lasted only from 10.53 am to 11.25 am and issues post that were due to brokers internal systems. The Learned Arbitrator has also considered the additional defences raised by way of submitting internal emails indicating dependency on external APRI vendor XTS for implementation of Error 104 and rejected the communications as it did not include timestamped implementation proof, or logs confirming timely integration before 12th July, 2024.

16. The findings of the Learned Arbitrator are supported by the material produced by the Respondent herein in form of trading terminal screenshot and screen recording showing Respondent's account with net loss of Rs. 1.53 lakhs at the market close on 12th July, 2024, trade confirmation e-mail at 3:57 p.m. confirming the net loss of Rs. 1.53 lakhs and the contract note showing loss of Rs. 11.25 lakhs, BSE's official response via ODR mechanism confirming that the connectivity issue was limited only to morning hours and other social media post confirming that glitch was only for the period from 10:53 a.m. to 11:25 a.m.

17. In so far as the findings of the Learned Arbitrator on the duration



of connectivity issue is concerned, the finding is supported by the material on record including the BSE's response on SMARTODR Portal. The contention of Learned Counsel for Petitioner that the finding about duration of connectivity issue was based only on social media accounts cannot be accepted as the Learned Arbitrator has made specific reference to BSE's response and has isolated the liability of Respondent.

18. The statement of defence relies upon the emails addressed to the BSE to demonstrate that no real time trade data details were received by the Petitioner. The emails produced by the Petitioner speaks of inability of Petitioner to download the complete trades claiming issue on the Exchange end. On the other hand, the Respondent has produced BSE's official response via ODR mechanism confirming limited duration of connectivity issue as far as the Exchange is concerned. The dispute thus involved two issues : as to the duration of connectivity glitch and as to the inability of the Petitioner to download the complete trades. As far as the first issue of connectivity is concerned, the Learned Arbitrator has arrived at a finding of fact based on the evidence on record about limited duration of connectivity issue, which is not demonstrated to suffer from perversity particularly when the BSE's official response is taken into consideration.

19. As to the inability of the Petitioner to download the complete



trades is concerned, the Learned Arbitrator has found non compliance with the BSE's circular V 1.6.10 and outdated systems of the Petitioner. The additional documents produced by the Petitioner has been considered by the Learned Arbitrator to hold that these communications did not include time stamped implementation proof indicating non compliance on part of the Petitioner to implement Error Code 104. The Learned Arbitrator has rightly isolated the Petitioner's liability on account of failure to comply with BSE's circular.

20. The Petitioner relies on various clauses of the risk disclosure document which broadly is an agreement preventing the client from staking any claim against the Exchange or the Member on account of any suspension, interruption, on availability or malfunctioning of the Member's IBT System. Perusal of the Statement of Defence does not indicate that the risk disclosure document was placed before the Learned Arbitrator. In any event, considering the applicability of BSE Circular, in event the Petitioner's system was compliant with the BSE circular and despite thereof, the Petitioner would have been unable to fetch real time trade details, the clauses of the risk disclosure document would have come to the aid of the Petitioner. The Petitioner seeks to lay blame on the connectivity issue with the BSE and as the connectivity issue was of short duration, it was the Petitioner's system which led to the inability of the Petitioner to download the complete trades.



Resultantly, the Learned Arbitrator has rightly held that the issues post the connectivity issue being resolved, was due to the Petitioner's internal systems. Despite the technical issue being resolved at 11.25 am, the Petitioner failed to provide real time trade confirmation violating the SEBI Circulars, the applicability whereof is not disputed by the Petitioners.

21. The decision of Securities Appellate Tribunal in case of **Mohan Kumar Mittal vs SEBI And Ors**¹ relied upon by the Petitioner assists the case of the Respondent by confirming that the glitch lasted for about 29 minutes on 12th July, 2024 and there were five gateways reporting loss of packets from matching engines out of which four gateways recovered automatically within 2 minutes and one gateway had to be manually restarted at 11.22 am. In that case the client sought damages which was contested as the same can be awarded only by civil court. The client's case was that as per broker's version the glitch was for two hours, which the Appellate Tribunal held needs to be proved. The facts of the said case are different as damages was sought against the Exchange. The issue in present case is post resolution of the glitch, the failure of the broker to provide real time trade confirmations.

22. Insofar as the losses are concerned, it held that the Respondent incurred preventable loss of Rs. 5.27 lakhs due to lack of confirmation that could enabled exit at viable price and that duplicate sale order also

¹ Appeal No. 436 of 2025 decided on 30th October, 2025.



unconfirmed blocked approximately 45% of available margin resulting in Rs. 3.86 lakhs lost opportunity and directed payment of Rs. 9,72,222/-.

There are no submissions canvassed to assail the quantification.

23. The Learned Arbitrator has rightly negated the Petitioner's contentions which seeks to lay the blame on the Exchange for failure to timely upload the full and correct transaction logs. The reliance placed only on the e-mails with the BSE are not sufficient to demonstrate that the Petitioner's failure to provide real time confirmation and visibility of the executed trade was by reason of day long technical glitch linked to the connectivity issue with BSE. The view taken by the Learned Arbitrator is plausible view based on the relevant material on record, which does not deserve any interference under Section 34 of Arbitration Act.

24. Resultantly, the Petition fails and stands dismissed.

(SHARMILA U. DESHMUKH, J.)