

Consultation paper on proposed amendments to Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 – ‘Fit and Proper Person’ Criteria.

1. Objective

- 1.1 This Consultation Paper solicits comments and inputs from the public on the proposed amendments to the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (“**Intermediaries Regulations**”), with the objective to appropriately balance the ease of compliance by market participants and the regulatory objective of ensuring that only participants having integrity, honesty, ethical behaviour, reputation, fairness and character operate in the securities market.

2. Background

- 2.1 Under SEBI’s regulatory framework, the ‘fit and proper person’ criteria for Market Infrastructure Institutions (“**MIIs**”) is specified under the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (“**SECC Regulations**”) and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (“**DP Regulations**”).
- 2.2 In so far as intermediaries are concerned, the respective regulations governing different intermediaries specify the procedure to be followed for granting a certificate of registration to act as an intermediary. One of the statutory conditions for the said certificate of registration is to fulfil the ‘fit and proper person’ criteria stipulated in Schedule II of Intermediaries Regulations. Vide the Securities and Exchange Board of India (Intermediaries) (Third Amendment) Regulations, 2021 (with effect from

November 17, 2021), SEBI had amended Schedule II to harmonize the 'fit and proper person' criteria with global norms and to provide clarity on the persons / intermediaries / applicants to whom the criteria would apply. Pursuant to the same, the criteria for determining a 'fit and proper person' under Schedule II were divided into two parts, viz. 'principle based criteria' and 'rule based criteria'.

- 2.3 Accordingly, in terms of the extant provisions of the Intermediaries Regulations, the Board may, at the time of considering any application for registration and while reviewing the registered status of an intermediary, apply both the 'principle based criteria' and the 'rule based criteria', in determining the 'fit and proper person' status.

3. Overview of the current Schedule II of the Intermediaries Regulations

- 3.1 Clause 1 of Schedule II of the Intermediaries Regulations deals with the competence, capability and financial soundness as provided in the respective regulations applicable to such an applicant or intermediary.
- 3.2 Clause 2 of the said Schedule II makes the 'fit and proper person' criteria applicable to the (i) applicant / intermediary; (ii) its principal officer, directors or managing partners, compliance officer and key management persons ("**KMPs**"); and (iii) the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly ("**Persons in Control**").
- 3.3 Clause 3 of Schedule II of the Intermediaries Regulations, states that for the purpose of determining as to whether a person is a 'fit and proper person', SEBI may take into account any criteria as it deems fit, including but not limited to the factors mentioned in Clauses 3(a) and 3(b). Under Clause 3(a), the Board may consider 'principle based criteria' such as integrity, honesty, ethical behaviour, reputation, fairness and character of

the person. Under Clause 3(b), an inclusive list of 'rule based criteria' is also provided. Clause 3 reads as under:

“(3) For the purpose of determining as to whether any person is a ‘fit and proper person’, the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person;

(b) the person not incurring any of the following disqualifications:

(i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;

(ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;

(iii) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;

(iv) recovery proceedings have been initiated by the Board against such person and are pending;

(v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;

(vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;

(vii) such person has been declared insolvent and not discharged;

(viii) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(ix) such person has been categorized as a wilful defaulter;

(x) such person has been declared a fugitive economic offender; or

(xi) any other disqualification as may be specified by the Board from time to time.”

- 3.4 Clause 4 states that where any person has been declared as not 'fit and proper person' by an order of the Board, such a person shall not be eligible to apply for any registration during the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.
- 3.5 In terms of Clause 5, at the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under the Intermediaries Regulations or section 11(4) / 11B of the SEBI Act against an applicant or any KMPs / Persons in Control, such an application shall not be considered for a period of one year from the date of issuance of show cause notice or until the conclusion of the proceedings, whichever is earlier.
- 3.6 Clause 6 stipulates that any disqualification of an associate or group entity of the applicant or intermediary under Clause 3(b) shall not have any bearing on the 'fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any KMP / Persons in Control is also found to incur the same disqualification. In case the KMPs fail to satisfy the 'fit and proper person' criteria, the intermediary shall replace such person within thirty days from the date of such disqualification. Further, if the Persons in Control fail to satisfy the 'fit and proper person' criteria, the intermediary shall ensure that such person does not exercise any voting rights and divests their holdings within six months from the date of such disqualification. If the KMP is not replaced or the voting rights / holding of the Persons in Control are not restricted / divested, the 'fit and proper person' criteria may be invoked against such intermediary.
- 3.7 Clause 7 states that the 'fit and proper person' criteria shall be applicable at the time of application of registration and during the continuity of registration. Further, the intermediary shall ensure that the KMPs / Persons in Control comply with the 'fit and proper person' criteria.

4. Concerns and issue for consideration:

- 4.1 Based on learnings from the experience gained in enforcement of the extant 'fit and proper person' criteria in the last five years and the best practices being followed internationally, including the broad principles of 'International Organization of Securities Commissions' ("IOSCO"), as well as domestic regulators, it was examined whether there is a need to review the provisions of Schedule II to reflect such learnings.
- 4.2 SEBI has also received representations seeking review of the 'fit and proper person' criteria highlighting onerous compliance provisions under Schedule II, in particular, certain provisions under Clause 3(b). Concerns have also been expressed in respect of issues arising from divestment in terms of the second proviso to Clause 6 of Schedule II stating that the same leads to irreparable damage and cannot be reversed if the person is later acquitted or not found guilty in the proceedings pursuant to which the disqualification was incurred.
- 4.3 In view of the above, SEBI is issuing this consultation paper under the provisions of Securities and Exchange Board of India (Procedure for making, amending and reviewing of Regulations) Regulations, 2025 to seek public comments on the review of the 'fit and proper person' criteria under Schedule II of the Intermediaries Regulations. The scope of the review has been discussed in detail below.

5. Review of Schedule II of the Intermediaries Regulations

5.1 Review of Clause 3(b)(i), 3(b)(ii) and 3(b)(v)

- 5.1.1 The relevant clauses have been reproduced below:

“(3) For the purpose of determining as to whether any person is a ‘fit and proper person’, the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a)...

(b) the person not incurring any of the following disqualifications:

(i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;

(ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;

(iii)...

(v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;”

5.1.2 Under Clause 3(b)(i) and Clause 3(b)(ii) of Schedule II, the applicant / intermediary, KMPs and Persons in Control incur a disqualification if there is a pending criminal complaint or FIR filed by SEBI or a pending charge sheet concerning economic offences by an enforcement agency.

5.1.3 It has been represented that mere pendency of criminal complaint or FIR or filing of charge sheet should not trigger disqualification as filing of such criminal complaint or FIR or charge sheet are the preliminary steps to set the criminal law into motion. The same is also stated to be against the settled principle of criminal law that all persons are innocent until proven guilty.

‘Fit and Proper Person’ Criteria in other SEBI Regulations

5.1.4 As per regulation 20 of the SECC Regulations, a person is *inter-alia* disqualified from being considered ‘fit and proper person’ if the said person is convicted by a court for any economic offence or any offence of securities laws. Further, in case of shareholders, KMPs and directors, a person is also

disqualified from being considered a 'fit and proper person' if he / she is convicted of an offence involving moral turpitude. An analogous provision is present under regulation 23 of the DP Regulations. Notably, unlike the Intermediaries Regulations, no disqualification is incurred at the stage of filing of criminal complaint or FIR by SEBI or upon filing of charge sheet by any enforcement agency under the SECC Regulations or DP Regulations.

IOSCO Principles

5.1.5 In terms of international principles, as per the IOSCO's best practices on 'Fit and Proper' criteria¹, the Financial Regulator exercises judgment and discretion in assessing fitness and propriety and takes into account all relevant matters including honesty, integrity, fairness, ethical behaviour. In determining the honesty, integrity and reputation of the applicant / key person, the financial regulator may consider among other things, whether the applicant/key person has been 'convicted', on indictment, of dishonesty, fraud, money laundering, theft or financial crime within the last 10 years.

Criteria by other Domestic Regulators

5.1.6 It is noted from the Reserve Bank of India's ("RBI") Master Direction on Regulation of Payment Aggregators² ("PA") that the 'rule based criteria' for determining the 'fit and proper person' status of promoters and directors (under paragraph 7.a.ii.a) includes conviction by a court for any offence involving moral turpitude or any economic offence or any offence under the laws administered by the RBI. The pendency of a criminal complaint or charge sheet *ipso facto* does not lead to any disqualification under the 'rule based criteria' although the same may be relevant under the 'principle based criteria' such as good reputation and character or honesty.

¹ Available at: <https://www.iosco.org/library/pubdocs/pdf/ioscopd312.pdf>.

² Available at: https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12896.

Proposed approach

5.1.7 It is thus proposed that a rule-based formula for matters falling under Clause 3(b)(i) and Clause 3(b)(ii) may be onerous and not appropriate as it could lead to unintended consequences such as putting a person at a disadvantageous position at a preliminary stage of pending criminal complaint / charge sheet, which could later result in acquittal or discharge. This may also be counterproductive to the objective of promoting ease of doing business.

5.1.8 Under Clause 3(a), SEBI may take into account the principle based criteria such as integrity, honesty, ethical behaviour, reputation, fairness and character of the person. Any serious or incriminating factor may always be taken into account by SEBI on a case to case basis in the context of the person's overall conduct and the potential risk to the interests of the investors. Thus, Clause 3(a) is comprehensive enough to include in its scope the pendency of criminal proceedings of a severe nature which is considered as a relevant factor while determining the 'fit and proper person' status. SEBI may lay down guidelines regarding cases where pendency of criminal proceedings is egregious enough to incur disqualification.

5.1.9 In view on the above and the comprehensive principle based criteria under Clause 3(a), it is proposed that Clause 3(b)(i) and 3(b)(ii) of Schedule II may be omitted. Moreover, Clause 3(b)(v), which provides for disqualification on order of conviction by a court for any offence involving moral turpitude may be extended to also include conviction by a court for any economic offence or any offence under securities laws in alignment with the provisions of the SECC Regulations and DP Regulations.

Consultation 1: Amendment of Clauses 3(b)(i), 3(b)(ii) and 3(b)(v) of Schedule II of the Intermediaries Regulations:

Kindly provide your comments for the below items:

- a) Whether you agree that in view of the principle based criteria under Clause 3(a), the specific 'rule based criteria' of pending criminal complaint or information filed under Section 154 of the Code of Criminal Procedure, 1973 by SEBI as specified in Clause 3(b)(i) of Schedule II of the Intermediaries Regulations should be done away with?
- b) Whether you agree that in view of the principle based criteria under Clause 3(a), the specific 'rule based criteria' of pending charge sheet against a person by any enforcement agency in matters concerning economic offences under Clause 3(b)(ii) of Schedule II of the Intermediaries Regulations should be done away with?
- c) Whether you agree with the amendments as proposed to Clause 3(b)(v) of Schedule II of the Intermediaries Regulations to extend the disqualification criteria to include conviction by a court for any economic offence or any offence of securities laws in line with the SECC and DP Regulations?

5.2 Review of Clause 3(b)(vi)

5.2.1 Clause 3(b)(vi) of the Second Schedule states the following:

“(3) For the purpose of determining as to whether any person is a ‘fit and proper person’, the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a)...

(b) the person not incurring any of the following disqualifications:

(i)...

(vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;”

5.2.2 Under this provision, any legal entity such as a body corporate (companies, LLPs etc.) listed under Clause 2 of Schedule II shall incur the disqualification upon initiation of winding up proceedings. The framework for winding up proceedings of corporate persons is laid down under the Insolvency and Bankruptcy Code, 2016 (“**IBC**”). Under sections 7, 9 and 10 of the IBC, an application may be filed for initiating corporate insolvency resolution process (“**CIRP**”) against a corporate debtor with the Adjudicating Authority (“**NCLT**”). The CIRP can either lead to approval or rejection of a resolution plan or an order of initiation of liquidation of the corporate debtor by the NCLT. Thus, there is a possibility that the CIRP can also result in a successful revival of the corporate debtor. Further, SEBI has already specified the criteria of financial soundness, including the net worth criteria under Clause 1 of Schedule II as well as under the respective intermediary specific regulations.

5.2.3 It may be further noted that under regulation 20 of SECC Regulations and regulation 23 of the DP Regulations, the disqualification is incurred only if an order for winding up has been passed against such persons / entities and not at the stage of initiation of winding up proceedings.

5.2.4 Thus, it is felt that the thresholds of incurring disqualification across the aforesaid regulations may be aligned by amending the Intermediaries Regulations such that the disqualification for the legal entities listed under Clause 2 of Schedule II may only be attracted in cases where an order of winding up has been passed against such entity. This will provide the intermediaries with ease of compliance and also enhance the objectives with which IBC was enacted.

Consultation 2: Amendment to Clause 3(b)(vi) of Schedule II of the Intermediaries Regulations:
Kindly provide your comments for the below item:

Whether you agree with the amendments as proposed to Clause 3(b)(vi) of Schedule II of the Intermediaries Regulations to omit the words “*any winding up proceedings have been initiated or*” ?

5.3 Introduction of express clause on opportunity of hearing

5.3.1 Under the present construct of Schedule II, incurring a disqualification under Clause 3(b) may result in certain consequences such as replacement of the KMPs, divestment of the holding of the Persons in Control under the provisos to Clause 6. Although the process of declaring a person as not ‘fit and proper person’ is done after giving such person a reasonable opportunity of being heard and by passing an order, it is felt that the same should be expressly mentioned in the regulations to avoid any procedural ambiguity.

5.3.2 To streamline the enforcement process of declaring a person as not ‘fit and proper’ person, a new clause may be inserted to impose an obligation on the applicant or intermediary to disclose the occurrence of any event envisaged under clause 3(b). The obligation to inform SEBI about the occurrence of any event in respect of KMPs or the Persons in Control shall also be with the applicant or intermediary as they are applying or holding the certificate of registration with SEBI.

5.3.3 Upon receipt of such disclosure / information, SEBI may take into account the occurrence of the said event along with any other criteria as it deems fit to determine the ‘fit and proper person’ status of such person. Further, the declaration of a person as not ‘fit and proper’ shall be made by SEBI after giving such person a reasonable opportunity of being heard. In furtherance of the above, it is proposed that Clauses 3A and 3B may be inserted in Schedule II of the Intermediaries Regulations. The text of the said clauses may be referred at **Annexure I**.

5.3.4 Consequentially, it is proposed to suitably amend Clause 6 as noted in paragraph 5.6.2 of this consultation paper.

Consultation 3: Insertion of Clauses 3A and 3B in Schedule II of the Intermediaries Regulations:

Kindly provide your comments for the below item:

Whether you agree with the insertion of Clauses 3A and 3B in Schedule II of the Intermediaries Regulations?

5.4 Review of Clause 4

5.4.1 Under Clause 4, if a person has been declared as not ‘fit and proper person’ by an order of SEBI, such a person is not eligible to apply for any registration during the period provided in the order. If no such time period is specified in the order, the said prohibition applies for a period of five years from the date of effect of the order.

5.4.2 The deeming provision of imposing a default five-year prohibition operates automatically and could lead to inflexibility even in cases where SEBI has consciously refrained from specifying a time period. This consequence also does not factor in the nature and gravity of the underlying violation, whether subsequent developments justify reconsideration etc. As a result, this part of the clause could operate as a one-size-fits all approach and could sometimes not align with the facts or intent of the underlying order.

5.4.3 Accordingly, it is proposed that the default time period of five years where no period is specified in the order may be removed from Clause 4. The time period for prohibition on registration shall apply only in cases where it is specifically provided in the order. The amendment is intended to preserve SEBI’s power to impose time-bound restrictions while preventing unintended exclusions in cases where no such duration has been specified or considered necessary by SEBI.

Consultation 4: Amendment to Clause 4 of Schedule II of the Intermediaries

Regulations:

Kindly provide your comments for the below item:

Whether you agree with the amendments as proposed to Clause 4 of Schedule II of the Intermediaries Regulations to omit the words “*or for a period of five years from the date of effect of the order if no such period is specified in the order*”?

5.5 Review of Clause 5

5.5.1 In terms of Clause 5, at the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under the Intermediaries Regulations or section 11(4) / 11B of the SEBI Act against an applicant or any KMPs / Persons in Control, such an application shall not be considered for a period of one year from the date of issuance of such notice or until the conclusion of the proceedings, whichever is earlier.

5.5.2 With respect to show cause notice (SCN) for proceedings under section 11(4) and 11B, the regulatory intent is to cover those proceedings which could result in passing of directions against the applicant / intermediary, its KMPs or Persons in Control and not only monetary penalties under Chapter VIA of the SEBI Act. Accordingly, it is proposed to amend Clause 5 to clarify that the restriction shall be made applicable only in respect of proceedings for directions passed by SEBI.

5.5.3 Further, the time period of one year from the date of issuance of SCN specified in Clause 5 may be reduced to six months to rule out the uncertainty of outcome for potential applicants and to ensure that access to registration is not unduly deferred where the proceedings are prolonged without the fault of the applicant.

Consultation 5: Amendment to Clause 5 of Schedule II of the Intermediaries Regulations:

Kindly provide your comments for the below item:

Whether you agree with the amendments as proposed to Clause 5 of Schedule II of the Intermediaries Regulations with respect to:

- a) the scope of proceedings under section 11B being limited to proceedings under section 11B(1) of SEBI Act where SEBI may pass directions; and
- b) reduction of time period for non-consideration of registration upon issuance of SCN from 1 year to 6 months.

5.6 Review of Clause 6

5.6.1 Clause 6 of Schedule II states the following:

“(6) Any disqualification of an associate or group entity of the applicant or intermediary of the nature as referred in sub-clause (b) of clause (3), shall not have any bearing on the ‘fit and proper person’ criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter:

Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the ‘fit and proper person’ criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the ‘fit and proper person’ criteria may be invoked against the intermediary:

Provided further that if any person as referred in sub-clause (c) of clause (2) fails to satisfy the ‘fit and proper person’ criteria, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months from the date of such disqualification failing which the ‘fit and proper person’ criteria may be invoked against such intermediary.”

5.6.2 As discussed in paragraph 5.3.4 above, the language of Clause 6 may be suitably modified to align the provisions with the newly proposed Clause 3A and 3B. The text of the revised clause may be referred at **Annexure I**.

5.6.3 With respect to the second proviso to clause 6, as noted above, concerns have been expressed stating that Clause 3(b)(i) and Clause 3(b)(ii) read with the aforesaid provision creates a scenario where a Person in Control is mandated to divest their holdings without a definite finding of guilt. This has been stated to cause irreversible financial loss if the person is later acquitted or not found guilty in the proceedings pursuant to which the disqualification was incurred under the extant Clause 3(b)(i) and Clause 3(b)(ii).

5.6.4 The aforesaid provision was brought as a protective measure aimed to ensure that a person with doubtful credentials should not be allowed to exert control over the intermediary as it can pose a risk to the integrity of the securities market. However, given the concerns, the financial loss stated to be arising out of the mandated divestment can be possibly mitigated by distinguishing between the economic right and the voting right of the holding. Accordingly, it is proposed that upon being declared as not 'fit and proper person', only the voting rights of the Person in Control will be restricted and such person shall not be required to divest such holdings.

Consultation 6: Amendment to second proviso to Clause 6 of Schedule II of the Intermediaries Regulations:

Kindly provide your comments for the below item:

Whether you agree with the amendments as proposed to second proviso to Clause 6 of Schedule II of the Intermediaries Regulations to omit the requirement of divestment of holding of persons declared as not 'fit and proper' person?

Public Comments:

6 Comments are therefore sought from the public on the aforementioned proposals in relation to the suggested amendments to Schedule II of the Intermediaries Regulations. A comparison of the existing and proposed provisions of Schedule II of the Intermediaries Regulations is annexed as **Annexure I.**

7 The comments/suggestions in this regard may be submitted latest by **February 25, 2026** through the link:

[\[https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes\]](https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes)

8 In case of any technical issue while submitting the comments through the web-based public consultation form, the comments with the subject “Proposed amendments to Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 – ‘Fit and Proper Person’ Criteria” may be sent by e-mail to consultadv1@sebi.gov.in,

Issued on February 4, 2026.

Annexure I – Proposed Amendment to Schedule II

No.	Existing Provision	Proposed Amendment (additions in bold and deletions in strikethrough)
1.	(1) The applicant or intermediary shall meet the criteria, as provided in the respective regulations applicable to such an applicant or intermediary including: (a) the competence and capability in terms of infrastructure and manpower requirements; and (b) the financial soundness, which includes meeting the net worth requirements.	No amendment proposed.
2.	(2) The 'fit and proper person' criteria shall apply to the following persons: (a) the applicant or the intermediary; (b) the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and (c) the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly: Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria. Explanation– For the purpose of this sub-clause, the expressions "controlling interest" and "control" in case of an applicant or intermediary, shall be construed with reference to the respective regulations	No amendment proposed.

No.	Existing Provision	Proposed Amendment (additions in bold and deletions in strikethrough)
	applicable to the applicant or intermediary.	
3.	(3) For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:	No amendment proposed.
4.	(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person;	No amendment proposed.
5.	(b) the person not incurring any of the following disqualifications:	the person not incurring any of the following disqualifications being subject to any of the following events:
6.	i. criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;	criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending; [Omitted]
7.	ii. charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;	charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending; [Omitted]
8.	iii. an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;	No amendment proposed.
9.	iv. recovery proceedings have been initiated by the Board against such person and are pending;	No amendment proposed.
10.	v. an order of conviction has been passed against such person by a court for any offence involving moral turpitude;	an order of conviction has been passed against such person by a court for any economic offence or an offence of securities laws or any offence involving moral turpitude;
11.	vi. any winding up proceedings have been initiated or an order for winding up has been passed against such person;	any winding up proceedings have been initiated or an order for winding up has been passed against such person;

No.	Existing Provision	Proposed Amendment (additions in bold and deletions in striketrough)
12.	vii. such person has been declared insolvent and not discharged;	No amendment proposed.
13.	viii. such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;	No amendment proposed.
14.	ix. such person has been categorized as a wilful defaulter;	No amendment proposed.
15.	x. such person has been declared a fugitive economic offender; or	No amendment proposed.
16.	xi. any other disqualification as may be specified by the Board from time to time.	No amendment proposed.
17.	No corresponding provision.	(3A) If any person under clause (2) is subjected to any event under sub-clause (b) of clause (3), the applicant or intermediary shall inform the Board within seven days of the occurrence of such event.
18.	No corresponding provision.	(3B) A person shall be declared as not 'fit and proper person' by the Board, after giving such person a reasonable opportunity of being heard.
19.	(4) Where any person has been declared as not 'fit and proper person' by an order of the Board, such a person shall not be eligible to apply for any registration during the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.	Where any person has been declared as not 'fit and proper person' by an order of the Board, such a person shall not be eligible to apply for any registration during the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.
20.	(5) At the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under these regulations or under section 11(4) or section 11B of the Act against the applicant or any other person referred in clause (2), then such an application shall not be considered for grant of registration for a period of one year from the date of issuance of	At the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under these regulations or under section 11(4) or section 11B section 11B(1) of the Act against the applicant or any other person referred in clause (2), then such an application shall not be considered for grant of registration for a period of one year six months from the date of issuance of such notice or until the conclusion of the proceedings, whichever is earlier.

No.	Existing Provision	Proposed Amendment (additions in bold and deletions in strikethrough)
	such notice or until the conclusion of the proceedings, whichever is earlier.	
21.	(6) Any disqualification of an associate or group entity of the applicant or intermediary of the nature as referred in sub-clause (b) of clause (3), shall not have any bearing on the 'fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter: Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against the intermediary: Provided further that if any person as referred in sub-clause (c) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against such intermediary.	Any disqualification of If an associate or group entity of the applicant or intermediary of the nature as referred in sub-clause (b) of clause (3) has been declared as not 'fit and proper person' by the Board, such declaration shall not have any bearing on the 'fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter be subjected to the same event: Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the 'fit and proper person' criteria has been declared as not 'fit and proper person' by the Board, the intermediary shall replace such person within thirty days from the date of such disqualification declaration failing which the 'fit and proper person' criteria may be invoked against the intermediary: Provided further that if any person as referred in sub-clause (c) of clause (2) fails to satisfy the 'fit and proper person' criteria has been declared as not 'fit and proper person' by the Board, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months seven days from the date of such disqualification declaration failing which the 'fit and proper person' criteria may be invoked against such intermediary.
22.	(7) The 'fit and proper person' criteria shall be applicable at the time of application of registration and during the continuity of registration and the intermediary shall ensure that the persons as referred in sub-clauses (b) and (c) of clause (2) comply with the 'fit and proper person' criteria.	No amendment proposed.