SECURITIES AND EXCHANGE BOARD OF INDIA (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2026

A regulation to provide for procedure and terms of settlement of administrative and civil proceedings, and for matters connected therewith or incidental thereto.

[Notified in the Official Gazette on October 07, 2026 and with effect from November 07, 2026]

No. SEBI/LAD-DOP/ 2026/318 .-In exercise of the powers conferred by Section 15JB of the Securities and Exchange Board of India Act, 1992, Section 23JA of the Securities Contracts (Regulation) Act, 1956 and Section 19-IA of the Depositories Act, 1996 read with Section 30 of the Securities and Exchange Board of India Act, 1992, Section 31 of the Securities Contracts (Regulation) Act, 1956 and Section 25 of the Depositories Act, 1996, or any statutory modification or re-enactment thereof, the Securities and Exchange Board of India hereby makes the following regulations, namely:-

CHAPTER I

PRELIMINARY

Name and effective date.

1. (1) These regulations may be called the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2026.

(2) These regulations shall come into effect on the day succeeding the 30th day from the date of notification of these regulations in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall have the meanings given to them below and their related words shall derive their meaning from the terms defined hereunder, –

(a) “Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “alleged default” means any act or omission resulting in contravention of any provision of the securities laws attracting specified proceeding;

(c) "Board" means the Securities and Exchange Board of India established under Section 3 of the Act;

(d) “days” means English calendar days;

(e) “High Powered Advisory Committee” means a committee, constituted by the Board under regulation 23;

(f) “Internal Committee” means a committee, constituted by the Board under regulation 21;

(g) “Panel of Whole Time Member” means the panel of two or more Whole Time Members, constituted by the Chairman of the Board;

(h) “report” includes examination report, investigation report, inspection report, enquiry report, audit report or any other document containing fact finding by the Board;

(i) "securities laws" means the Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), the relevant provisions of any other law to the extent it is administered by the Board, along with the relevant rules, regulations, master circulars, circulars, general or special orders or guidelines, made or issued thereunder;

(j) “settlement amount” means an amount determined in terms of regulation 10 for settlement of specified proceeding;

(k) “settlement term” means the terms as referred to in regulation 9;

(l) "specified proceeding" means the proceeding that may be initiated by the Board or have been initiated and is pending before the Board; or any appeal pending before the Tribunal or the Supreme Court, for the violation of provisions of securities laws, under Section 11, Section 11B, Section 11D, Section 12(3) or Section 15-I of the Act or Section 12A or Section 23-I of the Securities Contracts (Regulation) Act, 1956 or Section 19 or Section 19H of the Depositories Act, 1996, or any statutory modification or re-enactment thereof, as the case may be;

(m) “stage of proceeding” is the stage at which specified proceeding is pending at the date of filing of settlement application, as referred to in regulation 12;

(n) "Tribunal" means the Securities Appellate Tribunal established under Section 15K of the Act;

(o) “year” means calendar or financial year, as applicable.

(2) Unless the contrary appears from the context, words importing the singular number include the plural number, and words importing the plural number include the singular number.

(3) Words and expressions used and not defined in these regulations but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013, or any of the rules or regulations or master circulars or circulars, made or issued thereunder, shall have the same meanings respectively assigned to them in those Acts, rules or regulations or master

circulars or circulars or any statutory modification or re-enactment thereof, as the case may be.

CHAPTER II

GENERAL

Application for settlement.

3. (1) Subject to compliance with the requirements of these regulations, an entity may make an application proposing for settlement of specified proceeding at any stage of proceeding.

(2) The application under sub-regulation (1) shall be filed with the Board in the Form along with the undertaking and waiver and the basis of computation of settlement amount, as specified in Part-A, Part-B and Part-C, respectively, of Schedule-I.

(3) The application made under sub-regulation (1) shall be accompanied by a non-refundable application fee of rupees twenty five thousand for natural person and rupees thirty five thousand for others, payable through the payment gateway provided for this purpose.

(4) The facts established against the applicant or admitted in any ongoing or concluded proceeding in India or outside India, with respect to the same cause of action, under any law, shall be deemed to be admitted by the applicant in respect of the specified proceeding proposed to be settled.

(5) The applicant shall make one application for settlement of all the specified proceedings in respect of the same cause of action.

(6) An application that is not true and complete in all respects or does not meet the requirements of these regulations shall be returned to the applicant along with reasons thereof.

(7) The applicant whose application has been returned under sub-regulation (6) may, within fifteen days from the date of communication from the Board, submit the complete and revised application that conforms to the requirements of these regulations failing which the application shall be deemed as withdrawn.

(8) Where the applicant is an entity which is not a natural person, the application and undertaking and waiver shall be executed by a duly authorised person who is the person in charge of, and responsible for the conduct of the business of such entity; and the same shall bind such entity.

Limitation.

4. (1) An application in respect of settlement of any specified proceeding pending before the Board shall not be considered if it is made after ninety days from the date of service of the Show Cause Notice or the supplementary Show Cause Notice, whichever is later.

(2) The provision of sub-regulation (1) shall not apply in case the application is filed when the specified proceeding is pending before the Tribunal or the Supreme Court.

(3) Settlement application for settlement of specified proceeding pending as on the date of commencement of these regulations, shall be filed within a period of ninety days from the date of commencement of these regulations if the settlement application for settlement of such specified proceeding was previously, either not filed, or if filed, rejected, returned or withdrawn under the SEBI (Settlement Proceedings) Regulations, 2018.

(4) Settlement amount for application referred in sub-regulation (3) shall be twenty percent more than the settlement amount calculated in terms of regulation 10**.**

Settlement Notice.

5. (1) A notice of settlement in the format as specified in Part-A of Schedule II, indicating the substance of the probable charges and enforcement actions, shall be issued by the Board prior to issuance of Show Cause Notice so as to afford the entity an opportunity to file a settlement application under Chapter-II, within sixty days from the receipt of such notice.

(2) The provision of sub-regulation (1) shall not apply in case where issuance of interim directions or prosecution is contemplated or for cases which are covered under regulation 27**.**

(3) The Board shall have the right to modify the nature of the enforcement action to be initiated against the entity or the probable charges stated in the notice referred to in the sub-regulation (1) and such notice shall not confer any right to seek settlement on the basis of probable charge and enforcement action contained in such notice or avoid any enforcement action due to modification of probable charge or enforcement action.

CHAPTER III

SCOPE OF SETTLEMENT

Scope of settlement proceeding.

6. (1) Save as otherwise provided in these regulations, the following specified proceedings shall not be settled, namely:-

(i) where the settlement application for the same alleged default has been previously rejected under these regulations except where the application is covered under regulation 4(3) or regulation 7(4);

(ii) where the examination, investigation, inspection, or audit, if any, in respect of any cause of action, is pending except in case of settlement application involving confidentiality;

(iii) where the applicant is a wilful defaulter, fraudulent borrower or a fugitive economic offender.

Explanation: (a) Wilful defaulter or fraudulent borrower means a person or an issuer who or which is categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution, as defined under section 2(39) of the Companies Act, 2013, or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the Reserve Bank of India.

(b) Fugitive economic offender has the same meaning as given under Section 2(1)(f) of the Fugitive Economic Offenders Act, 2018.

(2) Subject to the provision of regulation 18(2), specified proceeding may not be settled if the alleged default, -

(a) has market wide impact, or

(b) caused losses to a large number of investors, or

(c) affected the integrity of the market.

(3) Nothing contained in these regulations shall be construed to restrict the right of the Panel of Whole Time Member to accept or reject any application in respect of any specified proceeding, in the interest of investors or for the development and regulation of the securities market, with or without examination by the Internal Committee or the High Powered Advisory Committee.

Rejection and withdrawal of application.

7. (1) An application may also be rejected on the following grounds, namely: -

(a) where the applicant does not receive or respond to the communications issued by the Board;

(b) where the applicant does not submit or submits with delay the information, document, revised settlement term, etc., as called for by the Board;

(c) where the applicant who is required to appear, does not appear before the Internal Committee on more than one occasion;

(d) where the applicant violates or does not abide by, in any manner, with the undertaking and waivers provided under these regulations;

(e) where the applicant does not remit the settlement amount within the period specified in these regulations;

(f) where the applicant fails to comply with any of the conditions imposed for settlement within the time as required or does not comply with the Remedial and Regulatory Term imposed for settlement.

(2) The rejection under sub-regulation (1) shall be communicated to the applicant.

(3) An application may be withdrawn at any time prior to the communication of the decision of the Panel of Whole Time Member, accepting or rejecting the settlement application.

(4) Settlement application once rejected shall only be filed at subsequent 'stage of proceeding' as defined under regulation 2(1)(m), if the reason for earlier rejection no longer applies and such refiling shall be subject to payment of twenty percent additional settlement amount.

(5) Settlement application once withdrawn under sub-regulation (3) or under regulation 3(7)**,** may be filed at the same or a subsequent stage of the proceeding

and such refiling shall be subject to payment of twenty percent additional settlement amount.

(6) The rejection or withdrawal of the application shall not affect the continued validity of the undertakings and waivers given in respect of limitation or laches and the waivers given in Part-B of the Schedule-I and the Board or the applicant, shall be free to initiate or pursue such proceeding as may be appropriate in accordance with the law.

Effect of pending application on specified proceeding.

8. (1) In a specified proceeding where settlement application has been filed after issuance of Show Cause Notice, the said proceeding shall continue and the passing of the final order shall be kept in abeyance till the disposal or withdrawal of the settlement application.

(2) In a specified proceeding where the settlement application has been filed before issuance of Show Cause Notice, the issuance of said Show Cause Notice shall be kept in abeyance till the application is either disposed of or withdrawn.

(3) Filing of a settlement application shall not restrict the power of the Board to issue interim civil and administrative directions to protect the interests of investors and to maintain the integrity of the securities market.

(4) Where the settlement application is filed by some entities only, the filing of such an application shall not affect the initiation, continuation and disposal of the enforcement proceeding against the other entities who have not filed the application for settlement and any adverse observations made in such proceeding against the entity filing the settlement application shall *qua* such entity be subject to the outcome of the settlement application filed by such entity.

CHAPTER IV

TERMS OF SETTLEMENT

Settlement Term.

9. (1) The settlement term shall include the following, as may be applicable, namely:-

(i) settlement amount as referred to in regulation 10;

(ii) disgorgement of wrongful gains made or loss averted or loss caused to investors, as alleged in the report or the Show Cause Notice or determined in the order; and

(iii) Remedial and Regulatory Term as referred to in regulation 17 in proceeding other than the proceeding solely for imposition of penalty.

(2) In case of joint and several liabilities, disgorgement of wrongful gains made or loss averted or loss caused to investors, along with interest, shall be payable by all such applicants who are seeking settlement, either jointly or severally.

(3) Irrespective of the nature of the specified proceeding, disclosures, as applicable, shall form part of settlement term.

(4) Settlement term shall apply to the person who has made the application for settlement of specified proceeding.

(5) The settlement amount shall be credited to the Consolidated Fund of India.

(6) The application fee referred to in regulation 3(3) and the legal costs, if any, forming part of the settlement amount shall be credited to the General Fund of Securities and Exchange Board of India as constituted under Section 14 of the Act or any statutory modification or re-enactment thereof.

Explanation. – Legal costs shall include liquidated costs, as may be determined by the Board, in respect of costs for obtaining appropriate orders from the Tribunal or any forum and include other expenses incurred by the Board in any other proceeding before Tribunal or any forum in respect of such application.

(7) The amount disgorged along with applicable interest as part of the settlement terms shall be credited to the Investor Protection and Education Fund as referred in Section 11(5) of the Act or any statutory modification or re-enactment thereof.

Settlement Amount.

10. (1) The settlement amount shall be calculated as per the following formula:

$$\text{Settlement Amount (SA)} = BA \times (S + R + G + A - M)$$

Where,

'BA' = Base Amount under regulation 11;

'S' = Stage of Proceeding under regulation 12;

'R' = Regulatory Action Factor under regulation 13;

'G' = Gravity Factor under regulation 14;

'A' = Aggravating Factors under regulation 15;

'M' = Mitigating Factors under regulation 16.

(2) If net sum of (S + R + G + A - M) is less than one, it shall be taken as one.

(3) The settlement amount shall not be less than rupees three lakh for first time applicant or rupees seven lakh for others, as the case may be.

Explanation. -A 'first time applicant' is a person against whom no adverse order has been passed by the adjudicating officer or by the Board, and who has never obtained a settlement order from the Board as on the date of the filing of present application.

(4) Settlement amount shall be calculated for each applicant separately and the same may be paid individually or jointly.

(5) Settlement amount, where applicable, shall include legal costs incurred by the Board.

(6) Twenty percent additional settlement amount shall be payable where settlement is in respect of specified proceeding under Section 12(3) of the Act alongwith any other specified proceeding, arising from the same cause of action.

(7) In cases where the settlement amount cannot be determined in accordance with regulations 10 to 16, due to the peculiar nature of the alleged default or the facts and circumstances of the case, Panel of Whole Time Member may decide the settlement amount, as deemed fit.

Base Amount (BA).

11. (1) Base amount shall be the minimum penalty amount applicable as provided under the Act, Securities Contracts (Regulation) Act, 1956 and Depositories Act, 1996, multiplied by the multipliers applicable as per the type of the applicant, as provided in the Table below:

Type of Applicant	Multiplier
Independent Director	2
Non-executive Director	3
Executive Director or Promoter in control or Key Managerial Person	3.5
Other Natural Person	2.5
Body corporate, Intermediaries, Pooled Investment Vehiclesand others	4
Market Infrastructure Institution	5.5

(2) For the case attracting various violations of the provisions of the securities laws, the base amount shall be calculated having regard to the following:

(i) base amount shall be calculated for each count of the alleged default and then aggregated;

(ii) where a single alleged default attracts multiple violations of securities laws and consequently attracts multiple base amounts, higher of such base amounts shall be considered;

(iii) where different alleged defaults attract different base amounts [calculated as per clause (i)], then base amount shall be the sum of all the base amounts applicable for each of such defaults;

(iv) if any of the person is lead conspirator who is alleged as mastermind or key-operator in the report or in the Show Cause Notice or determined in the order, then the base amount of such person, determined as above, shall be doubled;

(v) the base amount for independent director shall be taken at par with executive director, if as per the report or the Show Cause Notice, the independent director is alleged to be beneficiary of the fraud or has actively participated in the alleged fraud or determined as such in the order.

(3) The base amount shall not be less than the penalty already imposed for the default for which settlement is being sought.

(4) The base amount shall be calculated based on the alleged default in the report or the Show Cause Notice or the order.

(5) Where the order is under challenge before the Tribunal or the Supreme Court, the base amount shall be calculated on the basis of allegations upheld in the order impugned before the Tribunal or the Supreme Court, as the case may be.

(6) Where the Board has preferred an appeal before the Supreme Court against the relief provided by the Tribunal, then fifty percent of the Base Amount for each count of such defaults which were not upheld by the Tribunal shall also be considered.

(7) In a specified proceeding, if the same or similar nature of default is alleged to have been committed by a person more than once, then the base amount shall be calculated for each count of such default.

(8) The following instances shall be treated as one count of default for calculating base amount:-

a. Insider trading arising out of a particular unpublished price sensitive information (UPSI) irrespective of number of trades executed by the applicant in one UPSI period with respect to that UPSI;

b. Communication made by a person of a particular unpublished price sensitive information (UPSI) to a number of persons, in one UPSI period with respect to that UPSI;

c. Front running of the trades of a particular Big Client irrespective of number of trades front run by the applicant during the investigation period;

d. Number of false, wrong, misleading disclosures made or failed to make required disclosures, in a statement in a calendar year or financial year, as applicable under the securities laws;

e. Number of orders placed or trades executed for manipulating price or volume in a scrip;

f. Failed to make entry in structured digital database with respect to a particular UPSI irrespective of numbers of persons whose entries were not made;

g. Failed to comply with open offer obligation arising under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 in respect of the same target company in a year;

h. Number of offers made in a financial year in violation of deemed public issue norms under Section 25 and/or Section 42 of the Companies Act, 2013;

i. Any other defaults which having regard to the facts and circumstances of the case, in the opinion of Panel of Whole Time Member, needs to be treated as one default.

(9) If in a particular case, Panel of Whole Time Member is of the opinion that number of defaults are higher or lower, then it may reduce or increase the number of defaults to an extent as deemed fit.

Stage of Proceeding Factor (S).

12. (1) The value assigned on the basis of the stage of the enforcement proceeding, as on the date of filing of settlement application, shall be the stage of proceeding factor.

(2) Stage of proceeding factor shall be determined as per the following table, namely:-

STAGE OF THE PROCEEDING(S) WHEN THE SETTLEMENT APPLICATION IS FILED			**VALUE OF 'S'**
a.	Voluntary	*Suo Motu*	0.20
		Before issue of Show Cause Notice	0.40
b.	Post issue of Show Cause Notice		0.60
c.	Pending before Designated Member in case of Enquiry		0.80

	proceeding under Section 12(3) of the Act; Pending before the Board under Section 15I(3) of the Act, or Section 23I(3) of Securities Contracts (Regulation) Act, 1956 or Section 19H(3) of Depositories Act, 1996	
d.	Pending before the Tribunal	1.00
e.	Pending before the Supreme Court	1.50

(3) Where multiple enforcement proceedings arising out of the same cause of action are sought to be settled, the value of the enforcement proceeding which is at the most advanced stage, shall be taken as the stage of proceeding factor.

Regulatory Action Factor (R).

13. (1) The sum of all the values assigned to the administrative warning or order issued against the applicant shall be regulatory action factor.

(2) Regulatory action factor shall be determined as per the following table, namely:-

ORDERS AND REGULATORY DIRECTIONS ISSUED TO THE APPLICANT	**VALUE PER ORDER OF 'R'**
No prior order passed	0
Administrative Warning issued	0.10 per Administrative Warning

Settlement Order passed	0.20 per Settlement Order
Adverse order passed (in adjudication proceeding, proceeding for directions and disciplinary proceeding)	0.30 per Order

(3) Regulatory action factor shall also include and assign values, as per above Table, to those orders which have been stayed by the Tribunal or the Court.

Gravity Factor (G).

14. (1) A gravity factor of "0.25", for reputation risk, shall be added in all settlement applications which are without admitting violation of securities laws.

(2) The following gravity factors shall additionally be added in all settlement applications, where applicable, namely: -

	Nature of Violation	**Base Value**
1.	Failure to make open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011	0.25
2.	Offer documents related violations (without allegation of violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003)	0.50
3.	Violations of regulations 3 and 4 of SEBI (Prohibition of Insider Trading) Regulations, 2015	0.50

4.	Violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003	1.50

Aggravating Factors (A).

15. The following aggravating factors, where applicable, with a base value of '0.20' for each of them, subject to a maximum of five aggravating factors, shall be applied while calculating the settlement amount:

(i) Efforts to frustrate or prolong an examination, investigation, inspection, audit or a civil and administrative proceeding, including settlement proceeding;

(ii) Providing inaccurate or misleading testimony or information or failing to provide information that applicant was bound to provide;

(iii) Misconduct over an extended period of time which is not less than thirty days;

(iv) Significant monetary loss to the clients which exceeds, in the aggregate, rupees five crores;

(v) Applicant failing to heed prior regulatory guidance and prior warnings;

(vi) Evidence of planning, pre-meditation or sophisticated means.

Explanation: Conducting default across different jurisdictions, hiding assets or transactions, or both, through the use of fictitious entities, corporate shells or offshore financial accounts ordinarily indicates sophisticated means;

(vii) A listed intermediary or Securities Market Infrastructure Institution was substantially jeopardized.

Explanation. - A listed intermediary or Securities Market Infrastructure Institution shall be deemed to have been substantially jeopardized if as a result of the alleged default:

a. it has become insolvent or an application under the Insolvency and Bankruptcy Code, 2016 was admitted;

b. it was unable on demand to refund fully any public deposit, payment or investment; or

c. it is so depleted of assets that it is forced to merge with another institution in order to continue active operations.

(viii) Omission or act of Market Infrastructure Institution was such that the functioning of such Market Infrastructure Institution or other Market Infrastructure Institution was substantially jeopardized.

Explanation: Functioning of a Market Infrastructure Institution shall be deemed to have been substantially jeopardized if it was rendered incapable of performing the functions for which it has been established, beyond one hour fifteen minutes;

(ix) The liquidity of the securities of a publicly traded company being substantially endangered i.e. it was delisted or trading of the company's securities was halted for more than one full trading day;

(x) The applicant abusing a position of trust or used a special skill, in such a manner that significantly facilitated the commission or concealment of the alleged default.

Explanation 1. - This factor applies if the applicant occupied and abused a position of trust.

Explanation 2. - This factor applies if the applicant's position involved regular participation or professional assistance in creating, issuing, buying, selling, or trading securities or products was used to facilitate significantly the commission

or concealment of the default. It does not apply to clerical staff in an organisation; as such position ordinarily does not involve special skill.

Explanation 3. - 'Special skill' refers to a skill not possessed by member of the general public and requires professional education, training or licensing, e.g. chartered accountant, advocate, auditor, compliance officer, etc.

Explanation 4. - This factor also applies where the applicant has represented himself to hold a position of trust when, in fact, applicant does not;

(xi) The applicant being the key-operator, whether or not the applicant traded.

Explanation 1. - A person is a key-operator if that person was an organizer or leader of an illegal activity or the main beneficiary of the default.

Explanation 2. - If a person is merely a manager or supervisor (but not an organizer or leader or the main beneficiary) then that person is not a key-operator.

Explanation 3. - The Panel of Whole Time Member may take into account factors such as share of profits, the recruitment of accomplices, the degree of control and authority exercised over others;

(xii) Exercising management control by use of fraudulent or forged securities or securities issued without appropriate approvals;

(xiii) The action is not in accordance with the applicable internal procedures;

(xiv) The applicant taking decisions relating to the violation beyond his field of competence;

(xv) The applicant benefiting financially from the violation, either directly or indirectly;

(xvi) The alleged default being repetitive under a single count;

(xvii) The body corporate or the responsible person, being aware of a risk that their actions or inaction may amount to reckless actions or inaction or could result in a violation of securities laws and failing adequately to mitigate that risk.

Explanation. – The following shall be deemed to be reckless, -

a. failure to appoint competent officials for discharge of their duties, including a compliance officer;

b. failure to put in place adequate systemic safeguards; or

c. failure to put in place a code of conduct;

(xviii) Search and seizure being conducted by the Board in the matter;

(xix) Any other factor deemed fit in the facts and circumstances of the case.

Mitigating Factors (M).

16. The Panel of Whole Time Member shall take into account the following mitigating factors, where applicable, with a base value of '0.20' for each of them, subject to a maximum limit of five mitigating factors, namely: -

(i) The settlement amount would affect the ability of the applicant to make restitution to investors;

(ii) The applicant had minimal participation in the alleged default;

(iii) Proactive and exceptional cooperation, including:

a. Prompt and detailed self-identification of suspected or uncovered misconduct;

b. Early self-identification of contraventions followed by thorough internal reviews and sharing of discovered facts;

c. Substantial assistance to an examination, investigation, inspection or audit by obtaining and providing evidence;

(iv) Acceptance of responsibility and acknowledgement of misconduct to the Board prior to detection and intervention by truthfully admitting the conduct;

(v) Employing subsequent substantial corrective measures to avoid recurrence of misconduct;

(vi) The delay in complying with the reporting requirement was less than 7 days and non-reporting did not result in undue gains or loss to any person;

(vii) Acts of compensation, disgorgement of commission, profits etc. and payment of restitution to investors;

(viii) Disclosure made in the incorrect format;

(ix) Applicant is a unit of governmental authority including a public-sector unit;

(x) In non-disclosure (including incorrect or incomplete disclosure) matters, applicant has made related disclosure under any other regulation or is a body corporate with paid-up equity share capital (including reserves) below Rupees Ten crores (not applicable to companies which are exclusively holding companies);

(xi) Persons who are indigent or undergoing liquidation or bankruptcy process or whose resolution or repayment plan has been submitted to the adjudicating authority for approval;

(xii) There being change in control or management of corporate entity since committing of violation;

(xiii) Applicant was an independent director at the time of the alleged default and did not benefit out of the alleged default;

(xiv) Any other factor deemed fit in the facts and circumstances of the case.

Remedial and Regulatory Term.

17. (1) The Remedial and Regulatory Term may include one or more of the following, namely: -

(i) Implementation of enhanced procedures and policies to prevent future securities laws violations as well as agreeing to appoint or engage an independent consultant to review internal policies, processes and procedures;

(ii) Providing enhanced training and education to employees of intermediaries and securities market infrastructure institutions;

(iii) Agreeing to submit to enhanced internal audit and reporting requirements;

(iv) Suspension or cessation of business activities for a specified period subject to clause (xi);

(v) Exit from Management;

(vi) Clawback of the benefits received by the applicant, for services rendered in violation of securities laws;

(vii) Refund of money received in contravention of provisions of securities laws;

(viii) Refraining from acting as a partner or officer or director of an intermediary or as an officer or director of a company that has a class of securities regulated by the Board, for specified periods;

(ix) Cancelling securities where the securities are issued fraudulently, including bonus shares received on such securities, if any, and recovery of any dividend paid, etc.;

(x) Lock-in of securities;

(xi) Voluntary debarment or suspension, refraining from accessing the securities market including prohibition from buying, selling or otherwise

dealing in securities, directly or indirectly and associating with the securities market in any manner for a specific period, when:

a. the seriousness and gravity of the violation is very high;

b. the applicant is a key-operator or leader of an illegal activity or the main beneficiary of the alleged default; or

c. the applicant is a serial defaulter;

(xii) Disclosures wherever specified in terms of securities laws under a specified proceeding;

(xiii) Any other term which may be deemed appropriate in the facts and circumstances of the case.

(2) In case of specified proceeding other than the proceeding solely for imposition of penalty:

i. Where the alleged violations have impacted the audited financial statements and continue to impact every subsequent financial statements, the applicant shall be required to make an appropriate disclosure on the stock exchange and also incorporate them in the explanatory notes to the upcoming annual financial statements forming part of the annual report, as part of the settlement terms;

ii. Where the alleged violation has impacted the audited financial statements, but is not a continuing violation that continues to impact subsequent audited financial statements, the applicant shall be required to make appropriate disclosures on the stock exchange for each relevant previous years or period, as a part of the settlement terms;

iii. Under clauses (i) and (ii), if the alleged violation needs to be brought to the notice of the public, the applicant shall make appropriate disclosures;

iv. Where the violations do not impact the audited financial statements and are not continuing violations, the applicant may be required to make disclosures or follow other conditions, as part of the settlement term;

v. Where there are allegations of diversion or siphoning off of funds, the applicant shall be required to bring back the diverted or siphoned off money to the company, along with interest from the date of the contravention till the date of filing the settlement application, as part of the settlement term;

vi. Where there are allegations of diversion or siphoning off of funds, any unfair trading or illegal gains or losses averted by the applicant, by trading in the securities market during the time of mis-statement of financial or siphoning off of money, as brought out in the report or the Show Cause Notice or the order, may be considered while deciding the settlement term;

vii. Where there are allegations of diversion or siphoning off of funds, and the applicant is willing to bring back all the diverted or siphoned off money along with interest as part of settlement term, the said diversion or siphoning off of the money shall not be an impediment to settle the matter for the reasons that the said diversion or siphoning off, caused loss to the investors.

(3) In cases where sub-regulation 2(i) and 2(ii) apply, the applicant shall have the option of stating in its disclosure and the explanatory notes that it is making the disclosure without admission or denial of the findings of fact and conclusions of law, as part of the settlement term.

Factors to be considered to arrive at Remedial and Regulatory Term.

18. (1) While arriving at Remedial and Regulatory Term under regulation 17, factors enumerated herein but not limited thereto, may be considered, namely:-

(a) conduct of the applicant during the specified proceeding, examination, investigation, inspection, or audit;

(b) the role played by the applicant in case the alleged default is committed by a group of persons;

(c) nature, gravity and impact of alleged defaults;

(d) market wide impact of the default;

(e) effect on the integrity of the market;

(f) the extent of harm or loss caused to the number of investors' or gains made by the applicant;

(g) whether any other proceeding against the applicant for violation of securities laws is pending or concluded;

(h) processes and measures that have been introduced since the alleged default to minimize future defaults or lapses;

(i) compliance schedule proposed by the applicant;

(j) economic benefits accruing to any person from the non-compliance or delayed compliance;

(k) conditions which are necessary to deter future non-compliance by the same or another person;

(l) satisfaction of claim of investors regarding payment of money due to them or delivery of securities to them;

(m) any other factor which is deemed fit in the facts and circumstances of the case.

(2) If factors listed at sub-regulations (1)(d), (1)(e) and (1)(f) could be adequately remedied by imposing monetary and Remedial and Regulatory Term including

imposition of higher settlement amount on the applicant, the settlement of such defaults may be considered.

(3) The modification of the allegation may be sought in case the Panel of Whole Time Member, is of the opinion that the facts disclose a different default.

(4) The alleged defaults shall, where applicable, be categorised based on the facts and circumstances by the Panel of Whole Time Member.

Settlement amount in case of grant of confidentiality.

19. In case of grant of confidentiality by the Board, the settlement amount arrived at in accordance with these regulations shall, be reduced as follows, -

(i) those marked first in priority status may be granted reduction of up to or equal to ninety percent of the settlement amount;

(ii) those marked second in priority status may be granted reduction of upto or equal to fifty percent of the settlement amount; and

(iii) those marked third or subsequent in the priority status may be granted reduction upto or equal to twenty-five percent of the settlement amount.

Interest.

20. (1) In a specified proceeding where the applicant is liable to pay any amount including disgorgement of wrongful gains made or loss averted or loss caused to investors, the same shall be paid along with interest, as under, namely:-

(i) if no final order is passed by the Board, at the rate of nine percent per annum from the date of transaction till the date of filing of settlement application; or

(ii) if final order is passed by the Board, at the rate of nine percent per annum from the date of transaction till the date of passing of final order and

thereafter, at the rate of twelve percent per annum till the date of filing of settlement application.

(2) Interest on the said amount shall be charged from the date of individual violation or transaction till the date of filing of settlement application.

(3) Interest shall only be charged on the principal amount liable to be paid by an applicant and no interest shall be charged on unpaid interest amount.

CHAPTER V

CONSTITUTION, PROCEDURES AND POWERS OF COMMITTEES AND PANEL OF WHOLE TIME MEMBER

Internal committee.

21. (1) The Board shall constitute Internal Committee comprising its officials.

(2) The Internal Committee shall comprise one officer of the Board of the rank of Chief General Manager and such other officers as may be specified by the Board.

(3) The Board may constitute as many numbers of Internal Committees as are required for the purposes of these regulations.

Proceeding before the Internal Committee.

22. (1) Save as otherwise provided in these regulations, an application shall be referred to an Internal Committee to examine whether the specified proceeding may be settled and if so to determine the settlement term in accordance with these regulations.

(2) The Internal Committee while recommending settlement term may take into consideration various powers or discretion given to the Panel of Whole Time Member in these regulations.

(3) The applicant shall be provided an opportunity of meeting with the Internal Committee, which can be attended by the applicant himself or through a duly authorized representative of the applicant.

Explanation. - Meeting includes virtual meeting through audio-video electronic means.

(4) The Internal Committee may adjourn a meeting scheduled before it or may recall applicant for another meeting before it.

(5) The Internal Committee may:

(a) call for relevant information, documents, etc., pertaining to the alleged default in possession of the applicant or obtainable by the applicant;

(b) call for the personal appearance of the applicant before it.

Explanation. - Personal appearance under this clause includes appearance through audio-video electronic means;

(c) ascertain market wide impact of the default, loss caused to investors as a result of the default or effect of default on the integrity of the market.

(d) satisfy itself as to, -

(i) whether the applicant has refunded or disgorged the monies due, to the satisfaction of the Board;

(ii) whether the applicant has provided an exit or purchase option to investors in compliance with securities laws, to the satisfaction of the Board;

(iii) whether the applicant is in compliance with securities laws or any order or direction passed under securities laws, to the satisfaction of the Board;

(iv) any other factor as may be deemed appropriate by the Internal Committee;

(e) permit the applicant to submit revised settlement term in accordance with the discussion held in the meeting with Internal Committee, within a period not exceeding twenty-one days from the date of the Internal Committee meeting;

(f) require that the settlement amount shall be paid by Asset Management Company or the investment manager, as the case may be, in case settlement application is made by a Pooled Investment Vehicle settling alleged defaults against it.

(6) Save as otherwise provided under these regulations, the term proposed by the applicant after Internal Committee meeting along with the recommendation of the Internal Committee thereon, shall be placed before the High Powered Advisory Committee.

High Powered Advisory Committee.

23. (1) The Board shall constitute a High Powered Advisory Committee for consideration and recommendation on the term of settlement proposed by the applicant and the recommendation made thereon by the Internal Committee.

(2) The High Powered Advisory Committee while recommending settlement term may take into consideration various powers or discretion given to the Panel of Whole Time Member in these regulations.

(3) The High Powered Advisory Committee shall consist of a Judicial member who has been the Judge of the Supreme Court or a High Court and three external experts having expertise in securities market or in matters connected therewith or incidental thereto.

(4) The term of the members of the High Powered Advisory Committee shall be three years which may be extended for a further period of three years.

(5) The quorum for a meeting of the High Powered Advisory Committee shall be of three members.

Explanation. - Meeting includes meeting through audio-video electronic means.

(6) The recommendation of the High Powered Advisory Committee shall be made on the basis of decision of the majority of the members.

(7) In case there is no consensus or majority, the recommendation made by the Judicial Member shall be the recommendation of the High Powered Advisory Committee.

(8) In case of recusal by the Judicial member, the recommendation by the majority of the remaining members shall be the recommendation of High Powered Advisory Committee.

(9) The High Powered Advisory Committee shall conduct its meetings in the manner specified by the Board in this regard.

(10) Where any member of the High Powered Advisory Committee seeks recusal, the remaining members may submit their recommendation on the term of settlement.

(11) Where all or all but one of the members of the High Powered Advisory Committee recuse themselves in respect of an application, the Board may constitute another High Powered Advisory Committee for such matter.

Proceeding before the High Powered Advisory Committee.

24. (1) The High Powered Advisory Committee shall consider the proposed settlement term and recommendation of Internal Committee, placed before it along with the following:

(a) the application, undertaking and waivers of the applicant;

(b) factors specified in regulation 18;

(c) settlement term or revised settlement term as proposed by the applicant;

(d) any other relevant material available on record.

(2) The High Powered Advisory Committee may seek revision of the settlement term and refer the application back to the Internal Committee.

(3) After considering the material mentioned in sub-regulation (1), the High Powered Advisory Committee shall make its recommendation regarding acceptance or modification or rejection of settlement term.

(4) The recommendations of the High Powered Advisory Committee shall be placed before the Panel of Whole Time Member.

Proceeding before the Panel of Whole Time Member.

25. (1) The Panel of Whole Time Member shall consider the recommendations of the High Powered Advisory Committee or the Internal Committee in cases covered under regulation 28 and may accept or reject the same.

(2) Where the recommendations of the High Powered Advisory Committee or the Internal Committee to settle the specified proceeding are not accepted by the Panel of Whole Time Member, then-

(a) the Panel of Whole Time Member may return the application for re-examination of the settlement term and thereafter the procedure as

applicable in the case of an original application shall be followed by the Internal Committee and the High Powered Advisory Committee; or

(b) the Panel of Whole Time Member may not accept the recommendation by recording the reasons for such non-acceptance and such decision of the Panel of Whole Time Member alongwith the reasons for such non-acceptance, shall be communicated to the applicant.

(3) Where the Panel of Whole Time Member accepts the recommendation of the High Powered Advisory Committee to settle the specified proceeding, the applicant shall be issued a notice of demand within ten days of the decision of the Panel of Whole Time Member and the applicant shall, -

(a) remit the settlement amount forming part of the settlement term, not later than thirty days from the date of receipt of the notice of demand, only through the dedicated payment gateway provided for the purpose by the Board;

(b) fulfil or undertake in writing to abide by, the other settlement term, if any, within the time provided to the applicant;

(c) comply with any other condition forming part of the settlement term within the time given in this regard to the applicant.

(4) Nothing contained in these regulations shall restrict the power of the Panel of Whole Time Member to accept or reject an application, or decide an amount, lower or higher than the amount arrived at in terms of these regulations, for reasons to be recorded, considering the facts and circumstances of the case and the gravity of the charges.

CHAPTER VI

FAST TRACK SETTLEMENT

Fast track settlement.

26. (1) The settlement proceeding under this chapter may be called fast track settlement.

(2) Fast track settlement shall be of two types:

(i) violation based fast track settlement; and

(ii) monetary threshold based fast track settlement.

(3) Save as otherwise provided, nothing contained in regulations 23 and 24 shall apply to the settlement of specified proceeding under this Chapter.

Violation based fast track settlement.

27. (1) The Board may, before initiating any specified proceeding, issue a notice of fast track settlement in the format as specified in Part-B of Schedule-II, calling upon the entity to file a settlement application under Chapter- II and submit the settlement amount and either comply with or furnish an undertaking to comply with Remedial and Regulatory Term, as may be specified in the fast track settlement notice for the following defaults,-

i. Delayed disclosures, including filing of returns, report, document, etc.;

ii. Non-disclosure in relation to companies exclusively listed on regional stock exchanges which have exited;

iii. Disclosures not made in the specified formats;

iv. Delayed compliance of any of the requirements of law or directions issued by the Board;

v. Such other defaults as may be determined by the Board.

(2) The Board may not issue a fast track settlement notice under sub-regulation (1), if in the opinion of the Board, the entity has failed to make a full and true disclosure of facts or failed to co-operate in the required manner.

(3) Nothing contained in the notice of fast track settlement shall restrict the power of the Board to modify the enforcement action to be brought against the entity and the notice of settlement shall not confer any right upon the entity to seek settlement or avoid any enforcement action.

(4) The entity to whom a notice under sub-regulation (1) has been issued may, within thirty days from the date of receipt of the notice of fast track settlement, -

(a) file an application to the Board in the Form proposing for settlement of specified proceeding along with the undertaking and waiver and the basis of computation of settlement amount, as specified in Part-A, Part-B and Part- C, respectively, of Schedule-I.

(b) remit the settlement amount as specified in the notice of fast track settlement;

(c) comply or undertake to comply with Remedial and Regulatory Term as specified in the notice of fast track settlement, as the case may be;

(d) seek rectification, if any, of the calculation of the settlement amount, as communicated in the notice of fast track settlement, at the time of filing the settlement application and make payment within thirty days from the date of receipt of the decision of the Board.

(5) Where rectification of the calculation of settlement amount is sought by the entity, the decision of the Board on such calculation shall be final.

(6) The Board may for reasons to be recorded, grant extension of time not exceeding a further period of fifteen days for filing the settlement application or for

remittance of the settlement amount or furnishing an undertaking in respect of any of the Remedial and Regulatory Term or compliance with any of the Remedial and Regulatory Term specified in the notice of fast track settlement.

(7) Upon being satisfied with the remittance of settlement amount and undertaking furnished in respect of the Remedial and Regulatory Term or compliance with Remedial and Regulatory Term, if any as detailed in the settlement notice, the Board shall pass an order of settlement under regulation 34.

Monetary threshold based fast track settlement.

28. (1) While considering an application for settlement in accordance with regulation 22, if Internal Committee is of the opinion that settlement amount calculated under these regulations is upto ten lakh rupees and no disgorgement or Remedial and Regulatory Term are applicable, the Internal Committee shall call upon the applicant to take steps in terms of regulation 22(5)(e).

(2) Upon receipt of revised settlement term, the application shall be placed before Panel of Whole Time Member and thereafter the procedure as specified in regulation 25 and 34 shall apply *mutatis mutandis.*

Consequence of failure to avail fast track settlement.

29. If an entity,-

(i) does not file a settlement application under regulation 27;

(ii) does not remit the settlement amount within time specified in the notice given under regulation 27;

(iii) fails to make the payment of settlement amount or does not file revised settlement terms as referred in regulation 28,

the specified proceeding may be initiated or continued against such entity, and such an entity shall only be permitted to file a settlement application at the subsequent stage of proceedings.

CHAPTER VII

SETTLEMENT WITH CONFIDENTIALITY

Settlement with confidentiality.

30. (1) The Board may grant, to a person who agrees to provide substantial assistance in the examination, investigation, inspection, or audit, initiated or to be initiated, against any person in respect of a violation of securities laws, benefit of confidentiality in return for admitting default for the limited purpose of settlement of specified proceedings to be initiated.

(2) An applicant seeking the benefit provided under sub-regulation (1), shall fulfil the conditions of this Chapter, including –

(a) cease to participate in the violation of securities laws from the time of the disclosure of information, unless otherwise directed by the Board;

(b) provide and continue to provide complete and true disclosure of information, documents and evidence, which is in possession of the applicant or which the applicant is able to obtain, to the satisfaction of the Board in respect of the alleged contravention of the provisions of securities laws;

(c) co-operate fully, continuously and expeditiously throughout the examination, investigation, inspection, or audit and related proceeding before the Board; and

(d) not conceal, destroy, manipulate or remove the relevant documents in any manner that may contribute to the establishment of the alleged violation.

Explanation. – Violation of securities laws in this Chapter refers to defaults other than those of disclosure and reporting requirements.

(3) An application under this Chapter shall be made only in cases prior to or pending an examination, investigation, inspection, or audit.

(4) Irrespective of anything contained in this Chapter, where an applicant fails to comply with the conditions mentioned in this regulation, the Board may rely upon the information and evidence submitted by the applicant in any proceeding.

(5) In addition to restrictions or conditions mentioned in sub-regulations (1), (2) and (3), the Board may subject the applicant to further restrictions or conditions, as deemed fit, after considering the facts and circumstances of the case.

(6) For the purpose of seeking confidentiality, the applicant or its authorized representative may make an application containing all the relevant disclosures pertaining to the information as specified in Schedule-III for furnishing the information and evidence relating to the commission of any violation of securities laws.

(7) Upon being satisfied the Board may assure the benefit of confidentiality and shall then mark the status of the application depending upon its priority and convey the same to the applicant in writing.

(8) The Board may, for reasons to be recorded in writing, reject the application at any stage if the information, documents or evidence is found to be incomplete or false to the knowledge of the applicant.

(9) The rejection of the application for confidentiality shall be communicated to the applicant.

Procedure.

31. (1) The provisions of Chapters IV, V and VIII of these regulations shall be applied *mutatis mutandis* to a settlement application filed under this Chapter and a settlement order passed thereon.

(2) The information, documents and evidence provided by the applicant under this Chapter shall be submitted in the manner specified by the Board.

Confidentiality and assurance.

32. For the purposes of providing the applicant with interim confidentiality and assurance of not being proceeded with, the Board may not initiate regulatory measures when the Board has a reasonable belief that the information provided to it relates to a possible securities law violation that has occurred, is ongoing or about to occur.

Confidentiality.

33. (1) Irrespective of anything contained in Chapter VIII, the following shall be treated as confidential, -

(i) the identity of the applicant seeking confidentiality; and

(ii) the information, documents and evidence furnished by the applicant under this Chapter.

(2) Irrespective of anything to the contrary contained in sub-regulation (1), the identity of the applicant or such information or documents or evidence may not be treated as confidential if, -

(i) the disclosure is required by law;

(ii) the applicant has agreed to such disclosure in writing; or

(iii) there has been a public disclosure by the applicant.

CHAPTER VIII

SETTLEMENT ORDERS

Settlement Order.

34. (1) On the basis of settlement term approved by the Panel of Whole Time Member, the specified proceeding shall be disposed of by an order passed by the respective authority before whom the specified proceeding is pending.

(2) The Panel of Whole Time Member shall dispose of the specified proceeding, by passing an order in case of settlement application filed in a *suo motu* matter, in pursuance of a notice issued under regulation 5 or in pursuance of notice issued under regulation 27, in accordance with settlement term as approved by the Panel of Whole Time Member.

(3) The settlement order passed under these regulations shall, contain the details of the alleged default, relevant provisions of the securities laws, brief facts and circumstances relevant to the alleged default, the admissions made by the applicant, if any and the settlement term.

(4) The settlement order in matters relating to the confidentiality shall not, directly or indirectly, disclose the identity of the applicant, but shall indicate the provisions of securities laws which the applicant is alleged to have violated.

Procedure for settlement of the proceeding pending before the Tribunal or Supreme Court.

35. (1) Save as otherwise provided in these regulations, the provisions with regard to settlement of specified proceeding shall *mutatis mutandis* apply to an application for settlement of any proceeding pending before the Tribunal or Supreme Court.

(2) The proposal of settlement along with the settlement term or rejection thereof shall be placed before such Tribunal or Supreme Court for appropriate orders.

Service and publication of settlement order.

36. Settlement order shall be served on the applicant and shall also be published on the website of the Board.

Settlement Schemes.

37. Irrespective of anything contained in these regulations, the Board shall have the power to bring a settlement scheme specifying the settlement terms for any class of persons involved in respect of any similar specified defaults.

Explanation. - A settlement order passed under a settlement scheme shall be deemed to be a settlement order under these regulations.

Effect of settlement order on third party rights or other proceeding.

38. (1) A settlement order under these regulations shall not be admissible as evidence in any other proceeding relating to an alleged default not covered under the settlement order nor affect the right of third parties arising out of the alleged default.

(2) Where any applicant who obtains a settlement order is also noticee along with any other person in any civil or administrative proceeding, while disposing proceeding against such other person, the respective authority before whom the

specified proceeding is pending, may make necessary observations in respect of the applicant in so far as is necessary to prove the act of another.

(3) Unless the settlement order is revoked, such observations shall qua the applicant be subject to the settlement order obtained by the applicant.

(4) Where any person has obtained a settlement order, which contains observations in respect of any other person for the commission of an alleged default, such an order shall not in itself be admissible as evidence against such other person.

(5) Passing of settlement order under regulation 34 in respect of a particular applicant shall not be relied upon by other persons, who are co-noticees with the applicant in the specified proceeding, for seeking exoneration or claiming that the said proceeding have become infructuous *qua* them.

Revocation of the settlement order.

39. (1) If the applicant fails to comply with any term of settlement order or at any time after the settlement order is passed, it comes to the notice of the Board that the applicant has not made full and true disclosure or has violated the undertakings or waivers, settlement order may be revoked and the Board shall restore or initiate the proceeding with respect to which the settlement order was passed.

(2) Before revocation of any settlement order, the applicant shall be given an opportunity of hearing before the Board.

(3) Whenever any settlement order is revoked, no amount paid under these regulations shall be refunded.

CHAPTER IX

MISCELLANEOUS

Confidentiality of information.

40. (1) All information submitted and discussions held in pursuance of the settlement proceeding under these regulations shall be deemed to have been received or made in a fiduciary capacity and the same may not be released to the public, if the same prejudices the Board or the applicant.

(2) Where an application is rejected or withdrawn, the applicant and the Board shall not rely upon or introduce as evidence before any court or Tribunal, any proposals made or information submitted or representation made by the applicant under these regulations.

(3) Sub-regulation (2) shall not apply where the settlement order is revoked under these regulations.

Explanation. – When any fact is discovered in consequence of information received from a person in pursuance of an application, so much of such information, whether it amounts to an admission or not, as relates distinctly to the fact thereby discovered, may be proved.

Power to remove difficulties.

41. In order to remove any difficulty in the interpretation or application or implementation of the provisions of these regulations, the Board shall have the power to issue clarifications and specify procedures through circulars or guidelines.

Power to relax.

42. (1) The Panel of Whole Time Member may in furtherance of the objective of these regulations and subject to such conditions as may deem fit, relax the timelines provided for the performance of any act, -

(i) where the deadline for performance of such act is not more than thirty days old; and

(ii) non-adherence to the timelines was due to factors beyond control of the applicant.

(2) Power to relax timeline contained in sub-regulation (1) shall not apply to extending time limit provided under regulations 4(1) and 5(1).

(3) The Panel of Whole Time Member may increase settlement amount by one percent where extension of time sought is with respect to payment of settlement amount beyond the time provided in the notice of demand and such extension shall not be exceeding thirty days.

Irregularity in procedure.

43. (1) No settlement order or rejection of a settlement application shall be invalidated on ground of any defect in procedure or determination of the settlement term or on account of any vacancy in or any defect in the constitution of any committee under Chapter V.

(2) Nothing in these regulations shall prohibit the Board from revoking the settlement order where the applicant fails to pay any difference due to any discrepancy in arriving at the settlement term.

(3) The applicant shall continue to be bound by the waivers given in respect of limitation or laches in respect of initiating or continuing or restoring of any legal

proceeding and the waivers given in sub-paras (d), (e) (f) and (g) of para 12 of the undertaking and waivers as provided in Part-B of the Schedule-I.

Explanation. – For the removal of doubts, it is clarified that the power to seek the difference under this regulation shall include and always be deemed to have included the profits gained or losses avoided out of the violations for which the specified proceedings have been initiated.

Transitional provision.

44. Irrespective of repeal of the SEBI (Settlement Proceedings) Regulations, 2018 by regulation 45, settlement applications pending with the Board as on the date of commencement of these regulations shall be dealt as follows, namely**:-**

(i) All pending applications wherein Panel of Whole Time Member has approved the settlement term, shall be dealt with as per the terms approved by the Panel of Whole Time Member, under the SEBI (Settlement Proceedings) Regulations, 2018.

(ii) All pending applications wherein High Powered Advisory Committee has made its recommendations but the recommendations are yet to be approved by the Panel of Whole Time Member as on the date of commencement of these regulations, the applicant shall be provided with an option, to be exercised within thirty days from the receipt of notice from the Board, to either seek processing under these regulations afresh or to seek processing of his application with the settlement amount recommended by the High Powered Advisory Committee under the SEBI (Settlement Proceedings) Regulations, 2018.

(iii) All pending applications wherein High Powered Advisory Committee is yet to make any recommendation shall be dealt with under these regulations by holding the fresh Internal Committee meeting.

Repeal and savings.

45. (1) On and from the commencement of these regulations, the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 shall stand repealed.

(2) Notwithstanding such repeal:

(a) Notice of summary settlement issued under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 shall be deemed to have been issued in accordance with these regulations and shall be dealt with in accordance with the provisions of these regulations;

(b) All settlement orders passed under the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014 and the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018, shall be deemed to have been passed under these regulations;

(c) The Internal Committee and the High Powered Advisory Committee constituted by the Board in accordance with the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018, shall be deemed to have been constituted under these regulations;

(d) Any reference to the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 under any other regulations shall be deemed to be a reference to these regulations.

SCHEDULE-I

(See regulation 3)

Part-A

[See regulation 3(2)]

FORM

Application for settlement

(For Office use only)

Date of receipt of the application:

Application Registration Number:

*(**Instructions:** All particulars, including submission regarding details of loss caused to investors, profit made and proposed settlement amount must be filled, else application shall be returned. Put 'NA' only where NOT APPLICABLE.)*

Before the Securities and Exchange Board of India

In the matter of ……..

1. Name/Trade name of the applicant/co-applicants:
   (a) Registration no., if applicable:
   (b) Date of Registration, if applicable:
   (c) PAN/DIN/CIN number, as available:
2. If stock broker, name of the stock exchange:
3. If authorised person, name of stock broker with whom affiliated and name of the stock exchange:

4. Form of organization: corporate body/ sole proprietorship / partnership / LLP, etc. (if listed co., details of listing):
5. Address/correspondence address, contact no. and email (any changes in aforesaid details shall be communicated to the Board promptly):
6. Name and contact details (including e-mail) of the contact person (s):
7. Specified Proceeding pending before the Board/AO/Others (pl. specify):
8. Specified Proceeding concluded by the Board/AO/Others (pl. specify):
9. Case(s) pending with Tribunal/any other Forum, where SEBI is a party (Pl. specify):
10. Proceeding pending with any other enforcement agencies, if any:
11. Other actions pending with/concluded by the Board/AO/Others (with their details) against the applicant and other details, if any:
12. Date of Show Cause Notice/summons/communication indicating probable cause of action, if any, against which the settlement is sought (please enclose copies) *:
13. Stage at which specified proceeding is pending including details of hearing opportunity given by the Board or the Adjudicating Officer, if any:
14. Full and true disclosure of facts (including the loss caused, profit made, loss avoided, gross fees, brokerage, commissions, etc., in respect of the cause of action, with manner of calculation thereof):
15. Specific charges alleged:
16. Submissions in respect of regulations 6(1)(iii), 6(2) and 22(5)(d):
17. Terms of settlement proposed by the Applicant: -
    (a) Settlement Amount along with the basis of calculation in terms of regulation 10 read with Part-C of this Schedule (viz: Base Amount, stage of proceeding, regulatory action factor, gravity factor, aggravating factor and mitigating factor, as applicable)

(b) disgorgement amount of wrongful gains made or loss averted or loss caused to investors, wherever alleged:-

(c) Remedial and Regulatory Term:-

18. Original documents to be enclosed:

(a) Undertakings and waivers (as per Format specified in Part-B).

(b) Authority letter/Board resolution.

19. List of other enclosures:

(a) A copy of the Show Cause Notice/summons/communication/other notices indicating the probable cause of action, if any, against which the settlement is sought;

(b) Copy of PAN card/ DIN/CIN details (in case of a non-resident applicant, include details relating to passport and national identity document, if any);

(c) In case of a foreign body corporate applicant, include details relating to incorporation, place of business, registration details with any non-Indian financial sector regulatory authority.

(d) Any other relevant document (s)/submissions.

(Signature of the applicant)

Verification

I,……..son/daughter/wife of (Name in block letters) Shri/Ms…… being the applicant/authorised representative (in case of body corporate) of ……. do hereby verify and affirm on oath that this application and the contents thereof are true to my knowledge and belief and as per the records and that I have not suppressed any material facts and shall keep the Board informed without delay, of any other relevant information that may come to my notice.

(Signature of the applicant)

Date:

Place:

Part-B

[See regulation 3(2)]

Undertakings and Waivers

Format

[Undertaking to be submitted by each applicant, along with the self –attested application with stamp duty duly paid]

I/We, ……, the applicant(s) herein, as a condition for making the enclosed application to the Board for examining and consideration of the application, hereby declare that I/we agree and undertake that:

(1) I/We admit the jurisdiction and right of the Securities and Exchange Board of India to initiate appropriate proceeding in respect of the alleged default.

(2) I/We further agree and undertake that the time spent during the settlement proceeding shall be excluded for computing the limitation period or laches, if any, for initiating or continuing or restoring any legal proceeding, if any, against me/us, and waive any objections in this regard.

(3) The Securities and Exchange Board of India may enforce any claims against me/us arising from or/in relation to any violation of the settlement order passed pursuant to this application.

(4) Nothing in the settlement order shall preclude any other person from pursuing any other legal remedy to which such person may be entitled against me/us as per law.

(5) The settlement proposed by me/us does not limit or create any private rights or remedies for any person who is not a party to these proceeding, against me/us.

(6) The settlement amount including legal costs, if any, shall be paid by me/us to the Board within the period stipulated by the Board.

(7) The settlement order shall be construed and enforced in accordance with the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2026, as amended from time to time.

(8) I/We agree that subsequent to the passing of the settlement order, I/We shall not take any action or make or permit to be made any public statement denying, directly or indirectly, any finding of the Board including that recorded in the settlement order or creating impression that the settlement order is without factual basis.

(9) I/We hereby declare that nothing in the waiver and undertaking given by me/us shall affect my/our (i) testimonial obligations, or (ii) right to take legal or factual positions in defence of litigation or in defense of a claim or in any other legal proceeding in which the Board is not a party.

(10) I/We for the limited purpose of settlement under these regulations 'admit the findings of fact and conclusions of law' or 'neither admit nor deny the findings of fact and conclusions of law' (strike off whichever is not applicable), and agree to abide by the settlement order as may be passed in accordance with the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2026 and guidelines and circulars issued by the Board in that regard.

(11) I/We waive my/our right of taking any legal proceedings against the Securities and Exchange Board of India concerning any of the issue covered in the settlement order that may be passed.

(12) I/We further waive the following:

(a) the findings of fact and conclusions of law;

(b) the proceeding before the Board or any officer of the Board;

(c) the right to all post-hearing procedures;

(d) appeal/review before the Tribunal/courts;

(e) any plea relating to such provisions of the regulations or other requirements of law, including conflict of interest, as may be construed to prevent any member or officer of the Securities and Exchange Board of India from participating in the proceeding, including settlement proceeding or assisting or advising the Internal Committee, High Powered Advisory Committee or Panel of Whole Time Member, as to, any order, opinion, finding of fact, or conclusion of law, etc.;

(f) any plea of bias or pre-judgment by the Securities and Exchange Board of India, the officers or the High Powered Advisory Committee, based on the consideration of or discussions concerning settlement of all or any part of the internal proceeding; and

(g) any plea of limitation or laches for initiating or restoring of the proceeding, if the applicant violates the settlement order.

(13) I/We undertake as a condition of settlement to not seek, directly or indirectly, any set-off, reimbursement by way of indemnification, insurance coverage or any other form of non-tax reimbursement.

(Signature of the applicant)

Before me.

Part – C

[See regulation 3(2)]

Settlement Amount = BA × (S+R+G+A-M)		
BA	**(Regulation 11)**	
S	**(Regulation 12)**	
R	**(Regulation 13)**	
G	**(Regulation 14)**	
A	**(Regulation 15)**	
M	**(Regulation 16)**	
	(S+R+G+A-M)	
SA	**BA × (S+R+G+A-M)**	
Legal Cost*		
Disgorgement Amount**		
Total Amount		

**Legal cost incurred by the Board in defending the specified proceeding before the Tribunal or any other Forum.*

***Amount of disgorgement along with interest calculated in terms of regulation 20.*

SCHEDULE – II

Part-A

(See regulation 5)

Format

To **Date**

…….

Address

Sub: Notice of settlement in the matter of .....

During the course of examination/ investigation/ inspection/ audit/ inquiry, in the matter of …… the Securities and Exchange Board of India (SEBI) has prima facie observed that you have violated the following provisions of the securities laws:

S. No.	Default	Provisions of law violated	Penalty provision
1.			
2.			
3.			

Extracts of the findings in brief are enclosed.

2. In view of the aforesaid, proceeding against you under…. (relevant provisions under which the proceeding may be initiated or continued) may be initiated.
3. By the present notice you are being informed that under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026, you may make an application within sixty days of receipt of this notice seeking settlement of aforesaid proceeding.

Your application for settlement shall be considered in accordance with SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 and filing of any application pursuant to this notice does not guarantee settlement of probable proceeding.

4. Irrespective of anything contained in this notice, the Board reserves the right to modify the proceeding and allegations to be brought against you and this notice shall not confer any right to seek settlement or avoid any action initiated or to be initiated by the Board.
5. If the settlement application is not filed within the aforesaid period of sixty days, the Board may initiate any proceeding against you in accordance with law.

Name, designation and signature

Encl: As above

Part-B

(*See regulation 27*)

Format

To, Date:

…….

Address

Sub: Notice of violation based fast track settlement in the matter of

.....

During the course of examination/ investigation/ inspection/ audit/ inquiry, in the matter of…… the Securities and Exchange Board of India (SEBI) has *prima facie* observed that you have violated the following provisions of the securities laws:

S. No.	Default	Provisions of law violated	Penalty provision
1.			
2.			
3.			

Extracts of the findings, in brief are enclosed.

2. In view of the aforesaid, probable proceeding against you under….***(relevant provisions under which the proceeding may be initiated or continued)*** may be initiated.

3. Irrespective of anything contained in this notice, the Board reserves the right to modify the proceeding and charges to be brought against you and this notice shall not confer any right to seek settlement or avoid any action initiated or to be initiated by the Board.

4. Subject to regulation 6 of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 the aforesaid proceeding to be initiated may be settled upon filing of a settlement application under Chapter-II of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 and upon remittance of a settlement amount of Rs…… to SEBI in terms of ….. …… (provision) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 within thirty days from the date of receipt of this notice and upon complying with the following Remedial and Regulatory Term (if applicable):

   (i) . ……

   (ii) ……..(please specify any other terms)

5. In case the settlement application is not filed or the settlement amount is not remitted and/or undertaking in respect of Remedial and Regulatory Term is not furnished or Remedial and Regulatory Term is not complied with to the satisfaction of the Board or the settlement application is withdrawn, the specified proceeding may be initiated and you shall be permitted to file a settlement application at the subsequent stage of proceeding.

Name, designation and signature

Encl: As above

SCHEDULE - III

(*see Regulation 30*)

Application for confidentiality

1. The application for confidentiality shall be in the format convenient to the applicant and shall inter-alia, include the following, -

   (i) Name and address of the applicant or its authorized representative as well as of all other known participants involved in the alleged default;

   (ii) The address of the applicant for communication including the telephone numbers and the e- mail address, etc.;

   (iii) A detailed description of the alleged arrangement, including its aims and objectives and the details of activities and functions carried out for securing such aims and objectives;

   (iv) The commencement and duration of the default;

   (v) The names, positions, office locations and, wherever necessary, home addresses of all persons who, in the knowledge of the applicant, are or have been associated with the alleged defaulters, including those persons who have been involved on behalf of the applicant;

   (vi) The details of other authorities, forums or courts, if any, that have been approached or are intended to be approached in relation to the alleged violation;

   (vii) A descriptive list of evidence regarding the nature and content of evidence provided in support of the application for confidentiality; and

   (viii) Any other material information as may be directed by the Board.

(Signature of the applicant)

(Stamp and Seal of body corporate applicant)

Verification

I, ……son/daughter/wife of (Name in block letters) Shri/Ms. ……..being the applicant/authorised representative (in case of body corporate) of do hereby verify and affirm on oath that this application and the contents thereof are true to my knowledge and belief and as per the records and that I have not suppressed any material facts and shall keep the Board informed without delay, of any other relevant information that may come to my notice.

(Signature of the applicant)

Date:

Place:

2. The undertaking and waiver as specified in Part-B of Schedule-I shall be annexed to the application for confidentiality.

AMIT PRADHAN, EXECUTIVE DIRECTOR
SECURITIES AND EXCHANGE BOARD OF INDIA