# FREQUENTLY ASKED QUESTIONS ON THE SEBI (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2026

**Disclaimer:** *These FAQs offer only a simplistic explanation/clarification of terms/concepts related to the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 ["Settlement Regulations, 2026"]. Any such explanation/clarification that is provided herein should not be regarded as an interpretation of law nor be treated as a binding opinion/guidance from the Securities and Exchange Board of India ["SEBI"]. For full particulars of laws governing the Settlement, please refer to actual text of the Acts/Regulations/Circulars appearing under the Legal Framework Section on the SEBI website.*

***1. What is settlement under the securities laws and what is the current legal framework for availing the settlement of administrative and civil proceedings in SEBI?***

I. Section 15JB of the SEBI Act, 1992, Section 23JA of the Securities Contracts (Regulation) Act, 1956 and Section 19-IA of the Depositories Act, 1996 *inter alia* provide for the following:

a. Any person may file an application before SEBI proposing settlement of specified proceedings initiated or that may be initiated by SEBI;
b. SEBI may agree to the settlement proposal on payment of such sum and on such other terms as may be determined by SEBI in accordance with the Regulations.

II. Accordingly, SEBI made the following Regulations:

a. SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 ("2014 Regulations") – from April 20, 2007 to December 31, 2018;
b. SEBI (Settlement Proceedings) Regulations, 2018 ("2018 Regulations") – from January 01, 2019 to November 06, 2026;
c. **SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 ("2026 Regulations") - applicable from November 07, 2026.**
(This can be accessed on SEBI website at https://www.sebi.gov.in/legal/regulations/oct-2026/securities-and-exchange-board-of-india-settlement-of-administrative-and-civil-proceedings-regulations-2026_105126.html )

***2. What are Specified Proceedings?***

Specified Proceedings are those enforcement proceedings that may be initiated by SEBI or have been initiated and are pending before SEBI, or any appeal pending before the Hon'ble SAT or the Hon'ble Supreme Court, as defined in reg. 2(1)(l) of the 2026 Regulations.

***3. How the transitional provisions of the 2026 Regulations affect the settlement applications pending under the 2018 Regulations?***

I. Reg. 44(i) provides that if the recommendations of the High Powered Advisory Committee are accepted by the Panel of Whole Time Member before November 07, 2026, then 2018 Regulations shall be applicable.

II. Reg. 44(ii) provides that if the recommendations of the High Powered Advisory Committee are yet to be approved by the Panel of Whole Time Member on or before November 06, 2026, then the Applicant shall be given an option to be exercised by the Applicant within 30 days from the receipt of notice to continue either under the 2018 Regulations or afresh under the 2026 Regulations.

III. Reg. 44(iii) provides that if the High Powered Advisory Committee is yet to make any recommendation as on November 07, 2026, then the settlement shall be governed by the 2026 Regulations.

***4. Can an Applicant, who has either not filed the settlement Application, or if filed, the Application was rejected, returned or withdrawn under the SEBI (Settlement Proceedings) Regulations, 2018, avail the settlement under the 2026 Regulations?***

Yes. Reg. 4(3) provides that in such cases, the Applicant may file settlement application within 90 days from November 07, 2026 i.e., on or before February 04, 2027.

***5. When can an Application for Settlement be filed under the 2026 Regulations?***

An Application for settlement under the 2026 Regulations can be filed as under:

I. *Suo Motu* Settlement – When the Applicant voluntarily seeks settlement under reg. 3(1);
II. Settlement pursuant to the receipt of notice under reg. 5(1) which is issued prior to the issuance of Show Cause Notice ("SCN");
III. Settlement pursuant to the issue of SCN under reg. 3(1) read with reg. 12(2);
IV. Settlement at the appellate stage before the Hon'ble SAT or Hon'ble Supreme Court, as the case may be, under reg. 3(1) read with 12(2);
V. Fast Track Settlement under regs. 27 and 28;
VI. Settlement with confidentiality under reg. 30.

***6. In what cases SEBI shall not issue notice for settlement under reg. 5(1) prior to the issuance of SCN?***

Reg. 5(2) provides that that the notice for settlement under reg. 5(1) prior to the issuance of SCN shall not be issued in cases where issuance of interim directions or prosecution is contemplated.

### *7. What is Fast Track Settlement?*

Fast track settlement is of two types:

I. Violation based fast track settlement under reg. 27 *inter alia* for disclosure related violations;
II. Monetary threshold based (when settlement amount is upto Rs.10 Lakhs) under reg. 28.

Notice for violation based fast track settlement may be issued by the Board before initiating any specified proceedings for certain types of violations such as those relating to delayed disclosure, including filing of returns, reports, documents etc.

For monetary threshold based fast track settlement, a separate application is not required to be filed. In any pending application, if the Internal Committee finds that the settlement amount is only upto Rs.10 Lakhs and the matter could be settled without any disgorgement or Remedial and Regulatory Terms **("RRT")**, the application would be processed as monetary threshold based fast track settlement.
In the case of monetary threshold based fast track settlement, the application and the revised settlement term, if any, shall be directly placed before the Panel of Whole Time Member without placing the same before the High Powered Advisory Committee.

### *8. What is the fees for filing a Settlement Application and format of a Settlement Application?*

I. Fees for filing a Settlement Application is as under:
   a. Natural Person - ₹ 25,000/-
   b. Others - ₹ 35,000/-

II. The format of the Settlement Application is provided in Part A of Schedule I appended to the 2026 Regulations.

### *9. What are the various timelines specified under the 2026 Regulations?*

| Sr. No. | Activity | Timeline | Regulation |
|---|---|---|---|
| (i) | Applying to settle a Specified Proceeding | February 04, 2027. | Reg. 4(3) |

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| | pending before SEBI as on November 07, 2026. | | |
| (ii) | Applying to settle a Specified Proceeding pending at Appellate Stage before SAT or Supreme Court as on November 07, 2026. | During the pendency of the Appeal. | Reg. 4(2) |
| (iii) | Applying to settle when notice, prior to the issuance of SCN is received. | 60 days from the receipt of such Notice. | Reg. 5(1) |
| (iv) | Applying for violation based Fast Track Settlement. | 30 days from the date of receipt of the notice of fast track settlement.<br><br>SEBI may extend the time by a further period of 15 days. | Reg. 27(4) read with Reg. 27(6) |
| (v) | Applying to settle specified proceeding other than above. | 90 days from the date of service of SCN or Supplementary SCN. | Reg. 4(1) |
| (vi) | Payment of Settlement Amount under violation based Fast Track Settlement. | 30 days from the date of receipt of decision of SEBI.<br><br>SEBI may extend the time by a further period of 15 days. However, such extension is subject to the increase in Settlement Amount by 1%. | Reg. 27(4)(d) read with Reg. 27(6) and Reg. 42(3) |
| (vii) | Filing of revised application. | 15 days from return of the application. | Reg. 3(7) |
| (viii) | Submitting Revised Settlement Term. | 21 days from the date of meeting with the Internal Committee. | Reg. 22(5)(e) |
| (ix) | Issuance of Demand Notice. | 10 days from the decision of Panel of Whole Time Member. | Reg. 25(3) |
| (x) | Remit of Settlement Amount. | 30 days from the receipt of Demand Notice.<br><br>Extendable for a period not more than 30 days, subject to an increase in the | Reg. 25(3)(a) read with Reg. 42(3) |

| | | | |
|---|---|---|---|
| | | Settlement Amount by 1%. | |
| (xi) | Exercising Option to settle either under the 2018 Regulations or under the 2026 Regulations. | 30 days from the date of receipt of notice from SEBI. | Reg. 44(ii) |

***10. Whether the 2026 Regulations provide for any limit for relaxing the timelines?***

The 2026 Regulations impose a limit for extending the timelines to perform the following acts:

a. Filing Application for violation based Fast Track Settlement – extendable by a further period of 15 days – Reg. 27(6);
b. Payment of Settlement Amount under violation based Fast Track settlement – extendable by a further period of 15 days – Reg. 27(6);
c. Remit of Settlement Amount – extendable by not more than 30 days – Reg. 42(3);
d. However, the aforesaid extension of payment or remit of settlement amount shall be subject to payment of one percent additional settlement amount.

***11. In which cases SEBI cannot relax the timelines?***

I. Reg. 42 provides that SEBI can relax the timelines within 30 days from the expiry of deadline for performing any act, except in the following matters:

   a. Timeline for filing of an application after the receipt of SCN or supplementary SCN under reg. 4(1).
   b. Timeline for filing of an application pursuant to the receipt of Notice prior to the issuance of SCN under reg. 5(1);

II. Therefore, the Applicant has to obtain the relaxation, if any, within 30 days after the expiry of the deadline to perform the concerned act.

***12. What are the types of Settlement Terms?***

Reg. 9 provides that the Settlement Terms shall include the following:

I. Settlement Amount including legal costs, wherever such costs are applicable;

II. Disgorgement, wherever applicable;
III. Remedial and Regulatory Terms including disclosures, wherever applicable.

### *13. How to arrive at the Settlement Amount?*

I. Reg. 10 provides that the Settlement Amount shall be determined as per the following formula:

**Settlement Amount (SA) = BA x (S+R+G+A-M)**

*"BA" = Base Amount, "S" = Stage of Proceeding, "R" = Regulatory Action Factor, "G" = Gravity Factor, "A" = Aggravating Factors, "M" = Mitigating Factors*

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

III. 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.

IV. In this regard, a facility to calculate settlement amount has been provided on SEBI website and can be accessed at https://www.sebi.gov.in/set-cal.html

### *14. How to calculate the Base Amount (BA)?*

Reg. 11 provides that the Base Amount is determined by multiplying the minimum penalty amount prescribed under the statute, as on the date of filing of the Settlement Application with a factor that depends on the applicant's category provided hereunder:

| Type of Applicant | Multiplier |
|---|---|
| Independent Director | 2 |
| Non-executive Director | 3 |
| Executive Director or Promoter in control or<br><br>Key Managerial Person | 3.5 |
| Other Natural Person | 2.5 |

| | |
|---|---|
| Body corporate, Intermediaries, Pooled Investment Vehicles and others | 4 |
| Market Infrastructure Institution | 5.5 |

***15. In what cases, disgorgement would be applicable?***

Disgorgement would be applicable in all specified proceedings wherever it is quantifiable.

***16. What are the Remedial and Regulatory Terms ("RRT") and when are they applicable?***

I. RRTs are various settlement terms other than the Settlement Amount and disgorgement.

II. RRTs may be applicable for settling all specified proceedings which are other than those proceedings solely for the imposition of monetary penalty.

III. RRTs may be included in the settlement terms to ensure that the alleged defaults being sought to be settled are sufficiently and adequately addressed.

IV. RRTs may include making disclosures, bringing back the siphoned off funds, claw back of money, refund to investors, suspension, debarment etc. as provided under reg. 17.

***17. What are the effects of the pending application on specified proceeding?***

I. Reg. 8(2) provides that if the application is filed before the issuance of SCN, such issuance shall be kept in abeyance;
II. Reg. 8(1) provides that if the application is filed after the issuance of SCN, the specified proceeding shall continue except for passing of the final Order;
III. Reg. 8(3) provides that filing of an application shall not restrict SEBI from passing of interim civil and administrative directions.

***18. What shall not be settled under reg. 6(1) ?***

In terms of reg. 6(1), amongst other things, the following shall not be settled:

I. When an application is already rejected under the 2026 Regulations for the same alleged default in an earlier stage of proceeding unless the reasons for rejection no longer apply. But the settlement shall be subject to payment of an additional twenty percent settlement amount;
II. When an audit, investigation, inspection or examination on the same cause of action is still pending (except confidentiality applications);
III. When the Applicant is classified as wilful defaulter, fraudulent borrower, or fugitive economic offender.

### *19. What may not be settled under reg. 6(2)?*

When the default has market-wide impact, large-scale investor losses, or effects on market integrity, settlement may be declined unless such factors could be adequately remedied by imposing monetary and Remedial and Regulatory Terms.

### *20. When can an Applicant withdraw the Application filed for Settlement?*

Reg. 7(3) provides that the Applicant can withdraw the application at any time prior to the communication of the decision of the Panel of Whole Time Member.

### *21. When will an Application be deemed to be withdrawn?*

Reg. 3(7) provides that an Application shall be treated as withdrawn if it has been returned by SEBI and the Applicant does not submit the complete and revised application (within the required timeframe) that conforms to the requirements of the regulations.

### *22. What are the consequences of withdrawal or rejection of an Application under the 2026 Regulations?*

I. The undertakings and waivers given during the Settlement Proceedings continue to apply, as per reg. 7(6);
II. The specified proceeding in respect of which the application has been filed shall be initiated or resumed, as per reg. 39(1);
III. In case of withdrawal, application can be filed at the same stage or subsequent stage and the refiling would be subject to additional twenty percent settlement amount, as per reg. 7(5);
IV. In case of rejection, application can only be filed at the subsequent stage if the reason for earlier rejection no longer applies and the refiling would be subject to additional twenty percent settlement amount, as per reg. 7(4);

V. In terms of reg. 40(2), the proposals and information submitted or representation made by the Applicant shall not be relied upon or introduced as evidence before any court or Tribunal.

***23. In case of multiple proceedings for the same cause of action, is it necessary for the Applicant to apply for settlement of all such specified proceedings? Can an Applicant file a single Application for settling multiple specified proceedings?***

Yes. The applicant has to file single application for settlement of all specified proceedings in respect of same cause of action, as per reg. 3(5).

***24. What are the advantages of filing an early Application for settlement?***

An application made at an early stage would attract a lower Stage of Proceeding factor while calculating the settlement amount. Further, the interest amount payable would also be less for an application filed early.

***25. When would the interest start to apply and what is the applicable rate of interest?***

I. Reg. 20 provides that the interest is applicable where the applicant is liable to pay any amount including disgorgement;
II. Interest shall be charged from the date of individual violation or transaction till the date of filing of settlement application;
III. If no final order is passed, the applicable interest is nine percent and if the final order is passed, the applicable interest rate is nine percent till date of final Order and twelve percent thereafter;
IV. Interest shall only be charged on the principal amount liable to be paid and not on the unpaid interest amount.

***26. Can SEBI modify the probable charges after issuing a settlement notice?***

Yes. Regs. 5(3) and 27(3) explicitly provide that SEBI retains the power to modify the nature of the enforcement action or the probable charges even after issuing a settlement notice or fast-track settlement notice. The issuance of such a notice does not guarantee settlement on the basis of the charges indicated therein.

***27. What is the difference between filing of a revised application for settlement and filing revised settlement term?***

I. The Applicant may be required to file a revised application when the application is not true and complete in all respects or does not meet the requirements of the regulations, as per reg. 3(7);

II. Revised settlement terms are the terms filed by the Applicant pursuant to the discussion with Internal Committee, as the applicant may propose, as per reg. 22(5)(e).

***28. What is the relevance of other proceedings pending against the Applicant, before other Authorities?***

Reg. 3(4) provides that the facts established against the Applicant or admitted in an ongoing or concluded proceeding in India or outside India, under any law and in respect of the same cause of action, are deemed to be admitted by the Applicant in respect of the specified proceeding proposed to be settled.

***29. What is the effect of being identified as a lead conspirator or key operator?***

Regulation 10(2)(iv) provides that where a person is identified in the report, SCN or order as the lead conspirator, mastermind or key operator, the base amount for such Applicant shall be doubled while calculating the settlement amount.

***30. What is Internal Committee and what are its functions?***

Internal Committees constituted under reg. 21 consist of officials of SEBI. The functions of the Internal Committee, under reg. 22 *inter alia* are as under:

a. To examine whether the specified proceeding may be settled and if so to determine the settlement term;
b. To permit the Applicant to submit revised settlement term within 21 days, if required;

***31. What is the High Powered Advisory Committee and what are its functions?***

High Powered Advisory Committee constituted under reg. 23 is a four membered committee comprising of a Judicial Member who has been Judge of Hon'ble Supreme Court or a High Court and three external experts. In terms of reg. 24, it *inter alia* performs the following functions:

a. To consider the settlement term or revised settlement term proposed by the Applicant and the recommendation of the Internal Committee thereon;
b. To seek revision of the settlement term and refer the application back to the Internal Committee, if required;
c. To make its recommendation to the Panel of Whole Time Member to accept or modify or reject the settlement term.

***32. What is the Panel of Whole Time Member and what are its functions?***

Panel of Whole Time Member is a panel of two or more Whole Time Members constituted under reg. 2(1)(g). In terms of reg. 25, it *inter alia* performs the following functions:

a. To return the application for re-examination of the settlement term, if required;
b. To accept or not accept the recommendations of Internal Committee or the High Powered Advisory Committee.

### *33. Who passes the Settlement Order?*

In terms of Reg. 34, after the approval of settlement terms by the Panel of Whole Time Member:

I. In a *suo motu* settlement, or settlement pursuant to issue of notice under regulation 5(1), prior to the issuance of SCN, violation based fast track settlement or settlement with confidentiality, the Panel of Whole Time Member shall pass the Settlement Order.
II. In any settlement after the issuance of SCN, the Authority before whom the specified proceeding is pending shall pass the Settlement Order.
III. In case, the specified proceeding is pending before the Tribunal or the Supreme Court, such proceeding may be disposed of by the Tribunal or the Supreme Court.

### *34. When Settlement Order can be revoked and its effect?*

I. In terms of reg. 39 read with reg. 43(2), Settlement Order can be revoked under the following circumstances:

    a. The Applicant fails to comply with any term of the Settlement Order;
    b. It comes to the knowledge of SEBI that the applicant has not made full and true disclosures;
    c. The Applicant has violated the undertakings or waivers given when the application was filed;
    d. The Applicant fails to pay any difference in settlement amount which was due to discrepancy in arriving at the settlement terms.

II. If the settlement order is revoked, the specified proceedings shall be initiated or resumed from the stage they were at when the settlement order was passed;
III. SEBI and the Applicant can rely upon or introduce as evidence before any court of Tribunal, the proposals and information submitted or representation made by the Applicant.

***35. Whether hearing is required to be given before revocation?***

In terms of reg. 39(2), SEBI shall give the Applicant an opportunity of hearing before the revocation.

***36. Where can the Payment Gateway be accessed?***

Payment Gateway can be accessed at the link given below:

https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html

(temporary and subject to changes).

***37. How to approach SEBI for seeking assistance?***

I. Any person seeking assistance may submit their request along with the relevant details at the dedicated email ID: settle-help@sebi.gov.in;
II. The request should be specific to the following aspects:

   a. Filing of the settlement applications;
   b. To compute the indicative amount as per the regulations;
   c. Status of pending settlement applications.

III. SEBI reserves the right not to respond to a request, if, in its opinion, such request is vague. Endeavours shall be made to respond to the request within 5 working days.
IV. For further information on details to be submitted, the nature and limitation of assistance etc., the User Manual for Helpdesk Facility may be referred to https://www.sebi.gov.in/sebi_data/faqfiles/jun-2026/1782726476068.pdf