

THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, DECEMBER 27, 2017

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 27th of December, 2017

SECURITIES AND EXCHANGE BOARD OF INDIA

**(SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) (SECOND
AMENDMENT) REGULATIONS, 2017**

No. **SEBI/LAD-NRO/GN/2017-18/025**. — In exercise of the powers conferred under 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, the Securities and Exchange Board of India hereby makes the following regulations to further amend the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014, namely,—

1. These regulations may be called the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014,-

(I) After Chapter VI and before Chapter VII, the following Chapter shall be inserted, namely-

"CHAPTER VIA

Summary Settlement Procedure

Summary Settlement Procedure

14A. (1) Notwithstanding anything contained in Chapter VI, before initiating any specified proceeding the Board may issue a notice of settlement in the format as specified in Schedule-III, calling upon the noticee to file a settlement application in respect of the specified proceeding(s) to be initiated, upon payment of the settlement amount and/or furnishing an undertaking in respect of other non-monetary terms or compliance with other non-monetary terms, as may be specified in the settlement notice in respect of the following alleged defaults,-

- i. Late filing of returns, report, document, etc.;
- ii. Delay in making disclosures;
- iii. Non-disclosure in relation to companies exclusively listed on regional stock exchanges which have exited;
- iv. Failure to make disclosures in the prescribed formats;
- v. Delay in compliance of any of the requirements of law or with directions issued by the Board;
- vi. Such other violations as may be determined by the Board.

Provided that, the specified proceeding(s) shall not be settled under this Chapter, if in the opinion of the Board, the applicant has failed to make a full and true disclosure of facts or failed to co-operate to the satisfaction of the Board:

Provided further that, notwithstanding anything contained in the notice of settlement , the Board shall have the power to modify the

enforcement action to be brought against the noticee and the notice of settlement shall not confer any right upon the noticee to seek settlement or avoid any enforcement action.

(2) The noticee may within thirty calendar days from the date of receipt of the notice of settlement,-

(a) file a settlement application in the Form specified in Part-A of the Schedule-I alongwith non-refundable application fee as specified in Part-B and the undertakings and waivers as specified in Part-C of the Schedule-I;

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

(c) comply or undertake to comply with other non-monetary terms as specified in the notice of settlement, as the case may be.

Provided that, in case of any discrepancy in calculation of settlement amount specified in the notice of settlement, the noticee may seek rectification of the same at the time of filing the settlement application and in such cases the decision of the Board shall be final and remittance shall be done within thirty calendar days from the date of receipt of the decision of the Board.

Provided further that, the Board may for reasons to be recorded, grant extension of time not exceeding a further period of fifteen calendar days for filing of the settlement application, remittance of the settlement amount and/or furnishing an undertaking in respect of any of the non-monetary terms or compliance with any of the non-monetary terms specified in the notice of settlement.

(3) The Board upon being satisfied with the remittance of settlement amount and undertaking furnished in respect of non-monetary terms or compliance

with non-monetary terms, if any specified in the settlement notice, shall pass an order of settlement under regulation 15.

14B. Notwithstanding anything contained in Chapter VI and in regulation 14A, with respect to specified proceedings pending as on the date of commencement of this Chapter, the Board may issue a notice of settlement under sub-regulation (1) of regulation 14A in respect of such proceedings and in such cases the procedure specified in regulation 14A shall apply mutatis mutandis.

Explanation. - For the purposes of this Chapter, it is clarified that a specified proceeding is not deemed to be initiated and pending, unless the Board has communicated the matter to the authority who shall conduct such proceedings.

14C. Notwithstanding anything contained in these regulations, where a noticee does not file a settlement application under this Chapter or remit the settlement amount and/or comply with other non-monetary terms to the satisfaction of the Board or withdraws the settlement application, the specified proceedings may be initiated or continued, as the case may be and such a noticee shall only be permitted to file a settlement application in respect of proceedings pending before a Court or tribunal after conclusion of proceedings before the Adjudicating Officer or the Board, as the case may be."

(II) In Schedule II, in Chapter I, -

- (A) Item 12 shall be deleted;
- (B) Existing item (13) shall be renumbered as item (12).

(III) After Schedule II, the following Schedule shall be inserted, namely,-

"Schedule III

(See regulation 14A)

Form

To

Date

.....

Address

Sub: Notice of settlement in the matter of

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

- (i)
- (ii)
- (iii)
- (iv)

Extracts of the findings are enclosed.

2. In view of the aforesaid you are liable to be proceeded against under
....(*relevant provisions under which the proceedings may be initiated or
continued*)

3. The aforesaid proceedings (to be) initiated may, be settled and disposed of upon filing of a settlement application under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 alongwith remittance of a settlement amount of Rs.to SEBI in terms of (provision) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 within 30 calendar days from the date of receipt of this notice and upon complying with the following non-monetary terms:

(i)

(ii) *(please specify any other terms, if any)*

4. If remittance of the settlement amount is not made and/ or any of the non-monetary terms are not complied or undertaken to be complied within the specified time, the Board may initiate or continue any specified proceedings against you in accordance with law.

Notwithstanding anything contained in this notice, the Board reserves the right to modify the proceedings and charges (to be) brought against you and this notice shall not confer any right to seek settlement or avoid any action initiated by the Board.

5. If the settlement application is not filed or the settlement amount is not remitted and/or undertaking in respect of other non-monetary terms is not furnished or other non-monetary terms are not complied to the satisfaction of the Board or the settlement application is withdrawn, the specified proceedings may be initiated or continued, as the case may be and you shall be permitted to file a settlement application only in respect of proceedings pending before a Court or tribunal after conclusion of

proceedings before the Adjudicating Officer or the Board, as the case may be.

Name, designation and signature

Encl: As above"

Sd/-

Ajay Tyagi

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 were published in the Gazette of India on January 09, 2014 vide No. LAD-NRO/GN/2013-14/37/50.

2. The SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 were subsequently amended on:-

(1) 15th September, 2014 by Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2014 vide No. LAD-NRO/GN/2014-15/08/1491.

(2) 29th August, 2016 by Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2016 vide No. LAD-NRO/GN/2016-17/010.

(3) 27th February, 2017 by Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 vide No. LAD-NRO/GN/2016-17/036.