

**GAZETTE OF INDIA**  
**EXTRAORDINARY**  
**PART – III – SECTION 4**  
**PUBLISHED BY AUTHORITY**  
**NEW DELHI, JANUARY 9, 2014**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**NOTIFICATION**  
**Mumbai, the 9<sup>th</sup> January, 2014**

**SECURITIES AND EXCHANGE BOARD OF INDIA (SETTLEMENT OF  
ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2014**

**No. LAD-NRO/GN/2013-14/37/50.**—*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, the Securities and Exchange Board of India hereby makes the following regulations to provide for the terms of settlement and the procedure of settlement and matters connected therewith or incidental thereto, namely:—*

**CHAPTER I**  
**PRELIMINARY**

**Short title and commencement.**

1. (1) These regulations may be called the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014.
- (2) They shall be deemed to have come into force with effect from 20th day of April 2007.

**Definitions.**

2.(1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,—

- (a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b) "alleged default" means an alleged or probable non-compliance of any provision of the securities laws;
- (c) "Board" means the Securities and Exchange Board of India established under the provisions of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (d) "panel of whole time members" means the panel consisting of two or more Whole Time Members of the Board;
- (e) "securities laws" means the Act, the Securities Contract (Regulations) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), and the rules and regulations made thereunder;

- (f) "specified proceedings" means the proceedings which have been initiated or may be initiated under section 11, section 11B, section 11D, sub-section (3) of section 12 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, as the case may be;
- (g) "specified" means specified by the Board through circulars or guidelines;
- (h) "Tribunal" means the Securities Appellate Tribunal established under section 15K of the Securities and Exchange Board of India Act, 1992.

(2) Words and expressions used and not defined in these regulations but defined in the Act, the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto.

## **CHAPTER II**

### **APPLICATION FOR SETTLEMENT**

#### **Application.**

**3.** (1) A person, against whom any specified proceedings have been initiated or may be initiated, may make an application to the Board in the Form specified in Part-A of the Schedule-I:

Provided that any person who proposes to dispose of any proceedings with regard to defaults under securities laws, pending before the Tribunal or a court, wherein the Board is a party may also file the settlement proposal in the Form as specified in Part-A of the Schedule-I.

(2) The application made under sub-regulation (1) shall be accompanied by a non-refundable application fee as specified in Part-B and the undertakings and waivers as specified in Part-C of the Schedule-I:

Provided that the rejection of the application shall not affect the continued validity of the undertakings and waivers and the Board or the applicant, subject to the undertakings and waivers, shall be free to resort to legal recourse as may be available under law.

(3) The applicant shall make full and true disclosures in the application in respect of the alleged default(s):

Provided that the facts established against the applicant or admitted by him in any ongoing or concluded proceedings with respect to the same cause of action, under any law, shall be deemed to be admitted by the applicant in respect of the proceedings proposed to be settled.

(4) The applicant shall make one application for settlement of all the proceedings that have been initiated or may be initiated in respect of the same cause of action:

Provided that an applicant, who has applied for compounding of an offence before a court for the same cause of action related to the specified proceedings, shall, within thirty days from the date of making the application, make an application under sub-regulation (1) in respect of the specified proceedings.

(5) An application that is not complete in all respects or does not conform to the requirements of these regulations shall be returned.

(6) The applicant whose application has been returned under sub-regulation (5) may, within fifteen days from the date of communication of the rejection, submit the revised application that conforms to the requirements of these regulations:

Provided that no further opportunity shall be given to the applicant to make an application in respect of the alleged default.

(7) Where the applicant is an association or a firm or a body corporate, the application and undertakings and waivers shall be executed by the person in charge of, and responsible for the conduct of the business of such firm or association, or body corporate and the same shall bind the firm or association, the body corporate and any officer who is in default.

Explanation.- For the purpose of this sub-regulation, the expression 'officer who is in default' has the same meaning as provided in sub-section (60) of section 2 of the Companies Act, 2013.  
(8) An application for settlement of defaults related to disclosures, shall be made after making the required disclosure.

#### **Limitation.**

4. (1) No application in respect of any specified proceedings pending with the Board shall be considered if it is made after sixty days from the date of service of the notice to show cause or supplementary notice(s) to show cause, whichever is served later.

[(2) Notwithstanding anything contained in sub-regulation (1), the panel of whole time members may consider the application, if it is satisfied that there was sufficient cause for not filing it within the period specified in sub-regulation (1) and it is accompanied with an application for condonation of delay and non-refundable fees as specified in Part-B of the Schedule-I.

Provided that where the application is filed after sixty calendar days from the expiry of the period specified in sub-regulation (1), the settlement amount payable by the applicant shall be increased by a levy of simple interest at the rate of six per cent, per annum, from the expiry of the period specified in sub-regulation (1) till the date of filing.]<sup>1</sup>

(3) The provisions of this regulation shall not apply in the case of proceedings pending before the Tribunal or any court.

### **CHAPTER III SCOPE OF SETTLEMENT**

#### **Scope of settlement proceedings.**

5. (1) No application for settlement of any specified proceedings shall be considered, if:  
(a) the alleged default was committed within a period of twenty four calendar months from the date of the last settlement order where the applicant was a party;  
(b) an earlier application with regard to the same alleged default had been rejected:

[Provided that such an application may be considered in exceptional circumstances, such as the lapse of time since the commission of the alleged default, the weight of evidence against the applicant, etc and subject to the payment of such additional fees and/or interest on the settlement amount from the date of rejection of the earlier application till the date of payment of the settlement amount, as may be recommended by the high powered advisory committee.]<sup>2</sup>

(c) the applicant has been party to two settlement orders during the period of thirty six calendar months, prior to the date of the application;

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1 Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution sub-regulation (2) read as under:

*"(2) Notwithstanding anything contained in sub-regulation (1), the panel of whole time members may condone the delay, if it is satisfied that there was sufficient cause for not filing the application within the period specified in sub-regulation (1)."*

<sup>2</sup> Inserted by the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017.

(d) the audit or investigation or inspection, if any, in respect of any alleged default, is not complete.

(2) A specified proceeding, shall not be settled, if it involves any of the following defaults, namely,-

- (a) defaults involving insider trading and communication of unpublished price sensitive information in contravention of the provisions of the Act and the regulations made thereunder;
- (b) fraudulent and unfair trade practices including front running, which in the opinion of the Board are serious and have a market wide impact or have caused substantial losses to or affect the rights of investors in securities, especially retail investors and small shareholders:

Provided that where the applicant has made or intends to make good the losses due to the investors, his application may be considered.

<sup>3</sup>[Provided further that the defaults under this clause shall be considered in accordance with these regulations and also the guidelines specified in Schedule-II.]

Explanation.- For the purpose of this clause, the expression ' front running' means usage of non-public information to directly or indirectly, buy or sell securities or enter into options or futures contracts, in advance of a substantial order, on an impending transaction, in the same or related securities or futures or options contracts, in anticipation that when the information becomes public; the price of such securities or contracts may change;

- (c) failure to make an open offer in accordance with the provisions of the Act and the regulations made thereunder, except where the applicant agrees to make the open offer or where the Board is of the opinion that the making of the open offer would not be beneficial to the shareholders or is infructuous;
- (d) defaults or manipulative practices by mutual funds, alternative investment funds, collective investment schemes and their sponsors or asset management companies, collective investment management company, managers, trustees that result in substantial losses to investors, except in cases where the applicant has compensated the investors for the losses, to the satisfaction of the Board;
- (e) failure to redress investor grievances to the satisfaction of the Board, except where the alleged default is with regard to delayed redressal;
- (f) failure, by issuers of securities or entities who invite investment, to make material disclosures in offer documents as required under the relevant regulations framed by the Board;
- (g) raising of monies by issuance of securities or pooling of funds, in violation of securities laws where the remedy is refund of such monies;
- (h) non-compliance of notices and summons issued by the Board or summons issued by the adjudicating officer;
- (i) non-compliance of any order or direction passed under the securities laws.

(3) Notwithstanding anything contained in this regulation, where the applicant makes out adequate grounds in his application, the settlement of proceedings in respect of the defaults referred to in sub-regulation (2) may be considered in the interest of the investors and the development and regulation of securities market:

Provided that the reasons for settlement of such proceeding shall be recorded in writing.

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<sup>3</sup> Inserted by the SEBI (Settlement of Administrative and Civil Proceedings)(Amendment) Regulations, 2016, w.e.f. 29.8.2016.

(4) Nothing contained in these regulations shall be construed to preclude the panel of whole time members to reject any application in respect of specified proceedings involving the defaults referred to in clauses (a), (g), (h) and (i) of sub-regulation (2) without examination by the internal committee or the high powered advisory committee.

#### **Withdrawal of application.**

6. (1) An application may be withdrawn at any time prior to the communication of the decision of the panel of whole time members under regulation 14.

(2) An applicant who withdraws an application under sub-regulation (1) shall not be permitted to make another application in respect of the same default:

[Provided that such an application may be considered at the next stage of proceedings, as indicated in Table I in Schedule-II, if the applicant makes out adequate grounds and subject to payment of such additional fees and/or interest on the settlement amount from the date of withdrawal of the earlier application till the date of payment of the settlement amount, as may be recommended by the high powered advisory committee.]<sup>4</sup>

#### **Effect of pending application on the specified proceedings.**

7. (1) Filing of an application for settlement of any specified proceedings shall not affect continuance of the proceedings except that the passing of the final order shall be in abeyance till the application is disposed of.

(2) Where the application is filed in case of proceedings that may be initiated against the applicant, such proceedings shall not be initiated till the application is rejected or withdrawn.

## **CHAPTER IV TERMS OF SETTLEMENT**

#### **Settlement terms.**

8. (1) The settlement terms may include a settlement amount and/or non-monetary terms, in accordance with the guidelines specified in Schedule-II.

(2) The non-monetary terms may include appropriate directions, such as:

- (a) Voluntary suspension of certificate of registration or closure of business for a specified period;
- (b) Removal from Management;
- (c) Direction in the nature of disgorgement, where it is possible to identify the investors who have incurred losses on account of the action or inaction of the applicant;
- (d) Debarment of certain individuals 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;
- (e) Cancellation of securities and reduction in share holding where the securities are issued fraudulently including cancellation of bonus shares received on such securities, if any, and re-imbursalment of any dividends received, etc;
- (f) Voluntary lock-in of securities;
- (g) Implementation of enhanced policies and procedures to prevent future securities laws violations as well as direction to appoint or retain an independent consultant to review policies and procedures;
- (h) Direction to provide enhanced training and education to employees of intermediaries;
- (i) Directions relating to internal audit and reporting requirements;

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<sup>4</sup> Inserted by the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017.

- (j) Any other directions that may be issued by the Board under the securities laws in the interest of the investors.

(3) The settlement amount, excluding the legal costs and disgorgement amount, shall be credited to the Consolidated Fund of India.

[(4) The application fee referred to in sub-regulation (2) of regulation 3, the additional processing fee accompanying the application for condonation of delay as referred to in sub-regulation (2) of regulation 4 and the legal costs, if any, forming part of the settlement amount shall be credited to the Securities and Exchange Board of India General Fund.]<sup>5</sup>

(5) The amount of ill-gotten profits made or losses avoided by the applicant that may be disgorged as part of the settlement terms, shall be credited to the Investor Protection and Education Fund of the Board.

**Factors to be considered to arrive at the settlement terms.**

**9.** While arriving at the settlement terms, the Board shall also consider such factors including but not limited to the following:

- (a) conduct of the applicant in the investigation;
- (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) whether any other proceeding against the applicant for non-compliance of securities laws is pending or concluded;
- (e) whether the alleged default is minor or major in nature;
- (f) the extent of amount of harm and/or loss to investors' and/or gain by the applicant;
- (g) processes which have been introduced since the alleged default to minimize future defaults or lapses;
- (h) compliance schedule proposed by the applicant;
- (i) economic benefits accruing to any person from the non-compliance or delayed compliance;
- (j) conditions which are necessary to deter future non-compliance by the same or another person;
- (k) satisfaction of claim of investors regarding payment of money due to them or delivery of securities to them;
- (l) whether the applicant has undergone any other enforcement action for the same violation;
- (m) any other factors necessary in the facts and circumstances of the case.

**CHAPTER V  
COMMITTEES**

**High powered advisory committee.**

**10.** (1) The Board shall constitute a high powered advisory committee for consideration and recommendation of the terms of settlement.

(2) The high powered advisory committee shall consist of a retired Judge of a High Court and three external experts having expertise in securities market or in matters connected therewith or incidental thereto.

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<sup>5</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution sub-regulation (4) read as under:

*"(4) The legal costs, if any, forming part of the settlement amount shall be credited to the Securities and Exchange Board of India General Fund."*

- (3) The quorum of the high powered advisory committee shall be of three members.
- (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 two years.
- (5) The high powered advisory committee shall conduct its meetings in the manner specified by the Board in this regard.

**Internal committee(s).**

**11.** The internal committee(s) shall comprise of an officer of the Board not below the rank of Chief General Manager and such other officers as may be decided by the Board.

**CHAPTER VI  
PROCEDURE OF SETTLEMENT**

**Proceedings before internal committee.**

**12.** (1) Save as otherwise provided in these regulations, an application shall be referred to the internal committee which shall examine whether the proceedings may be settled and if so determine the settlement terms in accordance with these regulations.

(2) The internal committee may:

- (a) call for relevant information, documents, etc., pertaining to the alleged default(s) in the custody of the applicant;
- (b) call for the personal appearance of the applicant before it:  
Provided that a duly authorized representative of the applicant may make representation on behalf of the applicant;
- (c) permit the applicant to revise settlement terms within a period not exceeding ten working days from the date of the internal committee meeting.

(3) The proposed settlement terms, if any, shall be placed before the high powered advisory committee.

**Proceedings before high powered advisory committee.**

**13.** (1) The high powered advisory committee shall consider the proposed settlement terms, placed before it alongwith the following:

- (a) the application, undertaking and waivers of the applicant;
- (b) factors specified in regulation 9;
- (c) settlement terms or revised settlement terms proposed by the applicant;
- (d) any other relevant material available on record.

(2) The high powered advisory committee may require the applicant to revise the settlement terms and refer the application back to the internal committee.

(3) The recommendations of the high powered advisory committee shall be placed before the panel of whole time members for consideration.

**Action on recommendation of high powered advisory committee.**

**14.** (1) A panel of two whole time members shall consider the recommendations of the high powered advisory committee and may accept or reject the same.

(2) Where the panel of whole time members accepts the recommendation of the high powered advisory committee, the applicant shall be communicated about the same within 7 days of the decision of the panel.

[(3) Where the panel has accepted the recommendation to pass a settlement order, the applicant shall,-

(a) remit the settlement amount forming part of the settlement terms, not later than fifteen calendar days from the date of receipt of the notice of demand, which may be extended by the panel of whole time members for reasons to be recorded, by a period(s) of fifteen calendar days.

Provided that in no case shall such remittance be accepted after the ninetieth calendar day from the date of the receipt of the notice of demand.

Provided further that where the settlement amount is remitted after thirty calendar days from the date of receipt of the notice of demand and on or before the ninetieth day from such receipt, the settlement amount payable by the applicant shall be increased by the levy of simple interest at the rate of six per cent per annum from the date of receipt of the notice of demand till the date of payment of the settlement amount; and/or

(b) fulfil/undertake in writing to abide by, the other settlement terms, if any, within the time provided to the applicant.]<sup>6</sup>

(4) Where the panel of whole time members does not accept the recommendation of the high powered advisory committee to settle the specified proceedings on the settlement terms recommended by it, the panel may return the application to the internal committee for re-examination of the settlement terms 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.

(5) Where the panel of whole time members disagrees with the recommendation to settle the specified proceedings, such decision shall be communicated to the applicant.

## **<sup>7</sup>[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;

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<sup>6</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution sub-regulation (3) read as under:

*"(3) Where the panel has accepted the recommendation to pass settlement order, the applicant shall remit the settlement amount, as per the settlement terms and/or undertake in writing to abide by other settlement terms, if any, within the time provided to the applicant."*

<sup>7</sup> Inserted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017 w.e.f. 27.12.2017.

- 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.]

## **CHAPTER VII SETTLEMENT ORDERS**

### **Settlement of proceedings before the Adjudicating officer and the Board.**

**15.** (1) The adjudicating officer shall pass the settlement order in the proceeding pending before him with respect to the alleged default(s).

(2) The panel of the whole time members shall pass settlement order with respect to proceedings initiated or proposed to be initiated for alleged default(s) other than the proceedings referred to in sub-regulation (1).

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

### **Settlement of the proceedings pending before the Tribunal or any court.**

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

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

### **Service of settlement order and publication.**

**17.** Settlement orders shall be served on the applicant and shall also be published on the website of the Board.

### **Effect of settlement order on third party rights.**

**18.** A settlement order under these regulations shall not affect the right of third parties arising out of the alleged default.

**Non-compliance of settlement order.**

19. If the applicant fails to comply with the 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 shall stand revoked and withdrawn and the Board shall restore or initiate the proceedings, with respect to which the settlement order was passed.

**Rejection in certain eventualities.**

20. (1) The Board may at any time during the course of considering an application, reject an application on the following grounds:

- (a) Where the applicant refuses to receive or respond to the communications sent by the Board;
- (b) Where the applicant does not submit or delays the submission of information, document, etc., required by the Board;
- (c) Where the applicant who is required to appear, but does not appear before the internal committee on more than one occasion;
- (d) Where the applicant violates in any manner the undertaking and waivers as specified in Part-C of the Schedule-I;
- (e) Where the applicant does not remit [the settlement amount within the period specified in clause (a) of sub-regulation (3) of regulation 14] <sup>8</sup> and/or does not abide by the undertaking and waivers.

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

**CHAPTER VIII  
MISCELLANEOUS**

**Confidentiality of information, etc.**

21. (1) All information submitted and discussions held in pursuance of the settlement proceedings 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 and/or the applicant.

(2) Where an application is rejected, 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:

Provided that this sub-regulation shall not apply where the settlement order is revoked and withdrawn under these regulations.

**Power to remove difficulties.**

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

**Power to specify procedures.**

23. For the purposes of implementation of these regulations the Board may specify norms or procedures, by way of circulars or guidelines.

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<sup>8</sup> Substituted for the words “*or delays the payment of settlement amount*” vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017.

**Rescission and savings.**

24.(1) On and from the commencement of these regulations, the following circulars issued by the Board shall stand rescinded:

- (a) Board's circular ref No. EFD/ED/Cir-1/2007 dated April 20, 2007; and
- (b) Board's circular ref No. CIR/EFD/1/2012 dated May 25, 2012.

(2) Notwithstanding any such rescission:

- (a) Applications filed under the circulars referred to in sub-regulation (1) and pending with the Board shall be deemed to have been filed in accordance with these regulations and shall be dealt with in accordance with the provisions of these regulations.
- (b) Settlement orders passed under the circulars referred to in sub-regulation (1) shall be deemed to have been passed under these regulations.
- (c) The proposals of the internal committees and the recommendations of the high powered advisory committee in accordance with the circulars referred to in sub-regulation (1) and any action taken by the Board on the basis of these recommendations shall be deemed to have been made under these regulations.
- (d) The internal committee(s) and the high powered advisory committee constituted by the Board in accordance with the circulars referred to in sub-regulation (1), shall continue to function till such time the Board re-constitutes them.

**SCHEDULE-I**

*(See regulation 3)*

**Part-A**

**FORM**

**Application for settlement**

(For Office use only)

Date of receipt of the application:

Application Registration Number:

***(Instructions: All the particulars must be filled. Put 'NA' wherever necessary.)***

**Before the Securities and Exchange Board of India**

In the matter of .....

1. Name/Trade name of the applicant:
  - (a) Registration no., if applicable :
  - (b) Date of Registration, if applicable :
  - (c) PAN number:
  - (d) Paid-up capital of applicant:
2. If stock broker, name of the stock exchange:
3. If sub-broker, name of stock broker with whom affiliated and name of the stock exchange:
4. Name of the segment (Cash/derivative etc.):
5. Form of organization: corporate body/ sole proprietorship / partnership / LLP/ financial institution (if listed co., details of listing) :
6. Names of promoters/directors/proprietors/partners:
7. Key management personnel(s) :
8. Address/correspondence address, contact no./fax no. and email(any changes in aforesaid details shall be communicated to the Board promptly):
9. Name and contact details (including e-mail) of the contact person (s):
10. Other registration(s) with the Board, if applicable :
  - (a) Trade name :
  - (b) Registration type :
  - (c) Registration no. :
11. Case(s) pending with the Board/SAT/Court (Pl. specify) :
12. Case(s) pending under 11B/Adjudication/Enquiry/others (pl. specify):
13. Stage at which pending:
14. Interim order(s) in the pending proceedings (gist of the orders passed), if any :
15. Other actions pending with/concluded by the Board, if any (with their details) :
  - (a) Against the applicant :
  - (b) Against its associates :
  - (c) Against its key management personnel(s) :
  - (d) Against its other promoters/directors:
  - (e) Other details, if any:

16. Date of show cause notice/summons/communication indicating probable cause of action, if any, against which the settlement is sought(PLEASE ENCLOSE COPIES)\*:
17. Full and true disclosure of facts (including the profit made, loss avoided, gross fees, brokerage, commissions, etc., in respect of the cause of action):
18. Specific charges alleged:
19. Terms of settlement proposed by the Applicant:-
  - (a) Monetary terms:-
  - (b) Non-monetary terms:-
20. Original documents to be enclosed:
  - (a) Undertakings and waivers (as per Format specified in Part C).
  - (b) Authority letter/Board resolution.
21. List of other enclosures:
  - (a) A copy of the notice to show cause/summons/communication/other notices indicating the probable cause of action, if any, against which the settlement is sought;
  - (b) Complete Annual Reports / other relevant financial details for the last three financial years and the quarterly audited financial results of the current year;
  - (c) A statement showing net worth of the applicant(only for those applicants who are required to comply with the networth requirements as specified by the Board or by the stock exchanges), gross annual income before tax, the amount of gross profit made/loss avoided, including the gross brokerage, fees, management/performance/transaction fee, carried interest, compensation, etc., in respect of the said default;
  - (d) Copy of PAN card;
  - (e) Complete Income-tax Returns of the applicant for the last three financial years;
  - (f) Any other relevant document (s)/submissions.

(Signature of the applicant)

(Stamp and Seal)

### **Verification**

I, .....son/daughter/wife of (Name in block letters)

Shri .....being the applicant/authorised representative (in case of corporate entity) of ..... do hereby verify and affirm on oath that this 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.

(Signature of the applicant)

Date:

Place :

### **Part-B**

[Every applicant shall pay processing fees of ten thousand rupees and every application for condonation shall be accompanied with additional processing fees of two thousand rupees, by way of a demand draft in favour of 'Securities and Exchange Board of India' payable at Mumbai or by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI.]<sup>9</sup>

### **Part-C**

#### **Undertakings and Waivers**

##### **Format**

Undertaking to be submitted alongwith the application with stamp duty duly paid and duly notarized at the time of execution.
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I/We, ....., the applicant(s) herein, as a condition for making the enclosed application to the Board for examining of the application and passing of appropriate settlement order, 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 proceedings in respect of the alleged default.
- (2) I/We further agree and undertake that the time spent during the settlement proceedings shall be excluded for computing the limitation period, if any, for initiating or continuing or restoring any legal proceedings, 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 proceedings, 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.

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<sup>9</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution the existing item read as under:

*"Every applicant shall pay fees of ten thousand rupees by a demand draft in favour of 'Securities and Exchange Board of India' payable at Mumbai."*

Prior to the SEBI (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2014, the existing item read as under:

*"Every applicant shall pay fees of five thousand rupees by a demand draft in favour of 'Securities and Exchange Board of India' payable at Mumbai."*

- (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, 2014.
- (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 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 defence of a claim or in any other legal proceeding in which the Board is not a party.
- (10) I/We '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) which may be part of the settlement order, and agree to abide by the settlement order as may be passed for the purpose of settlement of the specified proceedings in accordance with the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014 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 proceedings 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 as may be construed to prevent any officer of the Securities and Exchange Board of India from participating in the any proceedings, including settlement proceedings or assisting or advising the internal committee, high powered advisory committee or panel of whole time members, 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 or the high powered advisory committee, based on the consideration of or discussions concerning settlement of all or any part of the internal proceedings;
  - (g) any plea of limitation for initiating or reopening of the proceedings, if the applicant violates the settlement order.

(Signature of the applicant with stamp and seal of the body corporate)

Before me.

Notary.

## SCHEDULE-II

(See regulation 8)

### GUIDELINES FOR ARRIVING AT SETTLEMENT TERMS

#### CHAPTER I

1. The settlement amount (SA) shall comprise of the Indicative Amount (IA) arrived at in terms of these guidelines and the factors provided in regulation 9, wherever applicable.
2. Except for persons treated as name lenders, the IA shall not be less than ₹ 2 lakh for first time applicants or ₹ 5 lakh for others, as the case may be.

Explanation.-A 'first time applicant' is a person who has never obtained a settlement order from the Board as on the date of the present application.

3. Based on the stage at which the proceeding(s), for which the application is made, is/are pending, the proceeding conversion factor (PCF) shall be applied when calculating the IA.
4. In cases, where an existing business or activity of a person is either corporatized or converted into an LLP or partnership or merged or taken over by a new management, the existing record of the erstwhile entity shall be deemed to be the record of the new entity. Considerations such as change of name or management or ownership shall be irrelevant when determining the liability of the said entity.
5. Where an entity desires to obtain the benefit of a lower PCF, in relation to any alleged default it may, *suo motto*, before the receipt of any notice to show cause, intimate the Board of such default hereinafter referred to as 'intimation defaults' and co-operate with SEBI in the investigation, inquiry, inspection or audit. It may thereafter file a settlement application, upon completion of the investigation, inspection, etc. The application shall be deemed to have been made 'Pre- issue of notice to show cause' for the purpose of calculating the PCF.
6. The IA is to be calculated for each applicant. In a case where multiple applicants apply in respect of a default arising from the same cause of action, the IA will be calculated for each applicant, as per the applicable formula except in the following cases where the applicants may be considered to have joint and several liability,-
  - (a) the acquirer and persons acting in concert (PAC) under the Takeover Regulations;
  - (b) in case of directors, where by reason of commission or omission they have only acted collectively for an act of the company;
  - (c) any other group of persons, based on the facts and circumstances of each case, which the IC/HPAC may so recommend.]<sup>10</sup>

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<sup>10</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution item 6 read as under:

"6. The IA is to be calculated for each applicant. In a case where multiple applicants make a combined application for a default arising from the same cause of action, the IA will be calculated for each applicant,

7. While considering the application, the alleged default(s) detailed in the Inspection Report or the Investigation Report or the Report of the Designated Authority (DA) or the notice to show cause, including any supplementary notice to show cause issued by any authority in a pending proceeding, or the facts/findings detailed in the order of the Designated Member (DM) or the Whole Time Member (WTM) or the Adjudicating Officer (AO) or the Securities Appellate Tribunal (SAT), as applicable, may be the basis for calculating the IA.

In case, the Internal Committee (IC) or the High Powered Advisory Committee (HPAC) or the Panel of Whole Time Members (WTMs) are of the view that the facts disclose a different default, the same may be taken into account.

8. The alleged defaults shall, wherever applicable, be categorised based on the facts and circumstances as major, minor, serious or miscellaneous, etc., by the IC or HPAC or the Panel of WTMs.
9. Notwithstanding anything contained in these guidelines, the IC or HPAC or Panel of WTMs shall have the discretion to recommend acceptance or rejection or accept or reject an application, to recommend a amount, lower or higher than the amounts arrived at in terms of these guidelines, in accordance with the provisions of securities laws, considering the facts and circumstances of the case and the gravity of the charges.
10. In cases where the formulae for calculating the IA are inapplicable or cannot be adapted due to the nature of the default or the facts and circumstances of the case or where the defaults detailed in the Tables in these guidelines are not covered, the IC or HPAC or Panel of WTMs may arrive at the SA, as they deem fit.

<sup>11</sup>[11. It is hereby clarified that—

- (a) the purpose of sub-clause (b) of clause (2) of regulation 5 is not to prohibit the settlements in respect of all kinds of fraudulent and unfair trade practices.
- (b) clause (b) of sub-regulation (2) of regulation 5 disqualifies only the defaults which are 'serious' and —
  - (i) have market wide impact, or
  - (ii) cause substantial losses to investors in securities, or
  - (iii) affect the rights of investors in securities, especially retail investors and small shareholders.
- (c) Thus, in order to fall in disqualification of clause (b), the default must be serious and it must fall in any or all of the categories mentioned in points (i), (ii) and (iii) above.  
Notwithstanding the same, where both these criteria are attracted, the application may be considered for settlement, if the applicant has made or intends to make good the losses to the investors in terms of the first proviso to clause (b), provided he undertakes in writing that,—

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*as per the applicable formula except in cases related to defaults under the Takeover Regulations where the acquirer and persons acting in concert (PAC) may be considered to have joint liability."*

<sup>11</sup>Inserted by the SEBI (Settlement of Administrative and Civil Proceedings)(Amendment) Regulations, 2016, w.e.f. 26-8-2016.

*'for the limited purpose of settling the administrative and civil proceedings I/We admit the charge before the Securities and Exchange Board of India.'*

- (d) While considering its 'seriousness', the default shall be seen in the context of its specific nature and the role played by the applicant. The charges against the applicant in the show cause notice or the investigation report or the report of the designated authority, as the case may be, may not be the only deciding factor in this regard. The weight and sufficiency of the evidence and the basis of the charge levelled against the applicant or the extent of his co-operation during the investigation /inquiry / inspection, etc., if any may also be taken into account.
- (e) Further, the fact that the case has been referred to the Serious Frauds Investigation Office by the Central Government or the fraudulent and unfair trade practices, directly or indirectly, pose a systemic risk to the functions of any banking or micro-finance institution or a systemically important non-banking financial company or stock exchange or clearing corporation or a depository shall be relevant factors for considering the 'seriousness' of the default.
- (f) Market wide impact: shall mean the defaults which have a bearing on the securities market as a whole and not just the listed security and its investors which is under investigation/inquiry/inspection, etc.
- (g) The defaults which affect the right of investors: shall refer to the qualitative and quantitative impact on the rights of investors, including the number of complaints received, especially from retail investors and small shareholders. A qualitative impact refers to an indirect impact on the rights of investors, such as reduction in rating of a scrip as a result of the fraudulent and unfair trade practices or an increase in promoter holdings through a fraudulent private placement to related parties in default of minimum public shareholding norms, etc. A quantitative impact refers to the quantifiable losses to investors, to the extent determinable.]

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<sup>12</sup> Omitted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017 w.e.f. 27.12.2017. Inserted by the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to its deletion, item 12 read as follows,-

“12. Settlement Notice: Except in cases which are excluded from settlement, a settlement notice indicating the substance of the charges and probable actions may be issued in advance of the notice to show cause so as to afford an opportunity to file a settlement application, within fifteen calendar days from receipt of the settlement notice.

Notwithstanding anything contained in the settlement notice, the Board shall have the power to modify the enforcement action to be brought against the noticee and the notice shall not confer any right to seek settlement or avoid any enforcement action.”

<sup>13</sup>{ <sup>14</sup> [<sup>15</sup> (12.)]} In case of an amendment(s) or repeal of the securities laws, these guidelines shall continue to apply to similar provisions under the amended or new laws, *mutatis mutandis*.

## **CHAPTER II**

### **INDICATIVE AMOUNT AND THE SETTLEMENT AMOUNT**

Indicative amount (IA) shall be calculated as follows:

$$\text{IA} = \text{A} \times \text{B} + \text{Legal Costs}^{\#}$$

**#Legal costs as incurred by the Board shall be applicable to a application made at the stages mentioned in points “d” and “e” as provided in Table I.**

$$\text{'A'} = \text{PCF} + \text{RAF}$$

**A** : Multiplying Factor  
**PCF** : Proceeding Conversion Factor  
**RAF** : Regulatory Action Factor

Where

**'PCF'**- The value assigned on the basis of the stage of the proceedings, as on the date of the application; and

**'RAF'**- Values for prior orders and regulatory directions issued to the applicant.

**'B'** - Benchmark Amount, is the amount which is attributable to the alleged default for which a proceeding under securities laws may be or has been initiated by the Board; it is determined separately for each category of default and in case of multiple defaults, the total sum thereof, determined in terms of these guidelines;

- [1. (a) Where the AO has already awarded penalty to the applicant, then 'B' shall be equal to the amount calculated by these guidelines or the penalty awarded by the AO, whichever is higher;
- (b) In case more than one proceeding arising from the same cause of action has been initiated against the applicant, the IA shall be increased by 15%;
- (c) In cases where the WTM or DM has issued directions debarring or suspending the applicant, the RAF shall take into account the value of Y as per Table III.]<sup>16</sup>

<sup>13</sup> Renumbered by the (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017.

<sup>14</sup> Renumbered by the SEBI (Settlement of Administrative and Civil Proceedings)(Amendment) Regulations, 2016, w.e.f. 29.8.2016.

<sup>15</sup> Renumbered by the (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017 w.e.f. 27.11.2017.

<sup>16</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution item 1 read as under:

"1. In case, more than one proceeding arising from the same cause of action has been initiated against the applicant, the IA shall be increased by 15%.

Provided that where the AO has already awarded penalty to the applicant, then 'B' shall be equal to the amount calculated by these guidelines or the penalty awarded by the AO; whichever is higher. In cases where the WTM or DM has issued directions debarring or suspending the applicant, the **RAF** shall take into account the value of Y as per Table III."

2. The amount which is finally recommended by the HPAC after taking into account the IA, any mitigating or aggravating factors etc; and approved by the Panel of Whole Time Members is the SA.
3. After payment of the SA, the settlement order along with other directives, if any, shall be passed accordingly.

**CHAPTER III**  
**PROCEEDING CONVERSION FACTOR**

The values assigned on the basis of the stage of the proceedings, as on the date of the application, shall be the PCF as per Table I

[**TABLE I-PCF**]

<b>STAGE OF THE PROCEEDING(S) WHEN THE APPLICATION IS MADE</b>		<b>VALUE OF PCF</b>
<b>a.</b>	Voluntary or suo-moto intimation matters *	0.65
<b>b.</b>	Pre- issue of the notice to show cause (including applications filed on or before 15th calendar day from the receipt of the settlement notice)	0.75
<b>c.</b>	Post-issue of the first notice to show cause pertaining to any pending proceeding in the same cause of action (including applications filed after 15th calendar day from the receipt of the settlement notice)	0.85
<b>d.</b>	Proceeding pending after the submission of the report by the DA	0.9
<b>e.</b>	Proceedings pending after passing of the order by the AO or DM or WTM, as the case may be	1.10
<b>f.</b>	Proceedings pending after the passing of the order by the SAT or High Court	1.20

**\*Cases relating to fraudulent and unfair trade practices may be considered taking into account the evidence, information and assistance provided during the course of investigation, otherwise b. will apply.]<sup>17</sup>**

Provided that where multiple proceedings arising out of the same cause of action are sought to be settled, the value of the proceeding which is at the most advanced stage, irrespective of the stage of progress of the other proceedings, shall be taken as the PCF.

**CHAPTER IV**  
**VALUE FOR ALL ORDERS AND REGULATORY DIRECTIONS**

The sum of all the values assigned to the orders and regulatory direction(s) issued in the past, if any, shall be 'RAF'.

**'RAF' = X + Y**

**TABLE II - VALUE FOR ORDERS AND REGULATORY DIRECTIONS ISSUED X\***

\* To also include those orders and directions which have been stayed by the SAT or Court, as on the date of the application. In case multiple proceedings have been initiated for the same cause of action, the value shall be added for each order passed.

<b>ORDERS AND REGULATORY DIRECTIONS ISSUED TO THE APPLICANT</b>	<b>X PER ORDER</b>
-----------------------------------------------------------------	------------------------

<sup>17</sup> Substituted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Amendment) Regulations, 2017 w.e.f. 27.02.2017. Prior to substitution Table-I read as under:

**" TABLE I-PCF**

<b>STAGE OF THE PROCEEDING(S) WHEN THE APPLICATION IS MADE</b>		<b>VALUE OF PCF</b>
<b>a.</b>	Pre- issue of the notice to show cause (including intimation matters)	0.75
<b>b.</b>	Post-issue of the first notice to show cause pertaining to any pending proceeding in the same cause of action	0.85
<b>c.</b>	Proceeding pending after the submission of the report by the DA	0.9
<b>d.</b>	Proceedings pending after passing of the order by the AO or DM or WTM, as the case may be	1.10
<b>e.</b>	Proceedings pending after the passing of the order by the SAT or High Court	1.20

"

Exonerated cases i.e. cases where applicant was exonerated in an order or appeal or review	0
Settlement Order	0.01
<b>ALL OTHER ORDERS (EXCEPT FOR WHICH THE APPLICATION IS FILED)</b>	
Cease and desist order	0.02
Order of AO or WTM issued against other market participants	0.05
Order of AO, DM or WTM issued against intermediaries or listed companies	0.075

**TABLE III- VALUE FOR ORDER OR DIRECTION PASSED OR ISSUED FOR WHICH THE APPLICATION IS FILED - Y**

<b>PROCEEDING BEFORE DM</b>	<b>PROCEEDING BEFORE WTM</b>	<b>‘Y’ PER ORDER</b>
Warning issued		0.05
Suspension upto 1 week	Debarment upto 6 calendar months	0.1
Suspension for 1 week or more, but less than 1 month	Debarment for 6 calendar months or more, but less than 1 year	0.15
Suspension for 1 month or more but less than 3 months	Debarment for 1 year or more but less than 2 years	0.2
Suspension for 3 months or more but less than 1 year	Debarment for 2 years or more but less than 3 years	0.25
Suspension for or more than 1 year	Debarment for 3 years or more but less than 5 years	0.3

### **CHAPTER V** **BENCHMARK AMOUNT FOR FUTP DEFAULTS**

The Benchmark Amount for defaults related to FUTP i.e. B (FUTP), may be computed as detailed in this Chapter.

However, the IC or HPAC or Panel of WTM’s may, in cases of serious FUTP default, take the Benchmark Amount of the applicant as per the provisions of the securities laws if the amounts arrived at on the basis of the calculations are found to be low and not commensurate to the seriousness of the alleged default.

Notwithstanding the above, SEBI shall not settle serious fraudulent and unfair trade practices which, in its opinion, cause substantial losses to investors especially retail investors and small shareholders or have or may have market wide impact, except those defaults where the applicant has made or intends to make good the losses due to the investors to the satisfaction of SEBI.

$$B(\text{FUTP}) = \text{SUM OF BASE VALUES AS PER TABLE IV} \times \text{APPLICABLE AMOUNT}$$

**TABLE IV - BASE VALUES**

	<b>NATURE OF DEFAULT</b>	<b>BASE VALUE</b>
<b>a.</b>	FUTP or violation of code of conduct noted in an investigation related to FUTP	1.35
	Or	
	FUTP in combination with the violation of code of conduct or any other regulation under SEBI (PIT) Regulations or SEBI (SAST) Regulations	1.37
	Or	
	FUTP in combination with a violation of <i>SEBI Master Circular on AML, etc.</i>	1.4
<b>b.</b>	Factors for volume traded and/or price change for the default	Sum of 'V', 'P' and 'Q', wherever applicable, to be applied only if the the volume traded or price change, quantity traded in respect of the group, of which the applicant is a part of or of the applicant when he acts alone, as the case may be, can be calculated from findings brought out in the investigation report or notice to show cause or order, as the case may be.  In case multiple trading periods are involved the highest change has to be considered.
<b>c.</b>	Time value of ill-gotten gains*	$0.09 \times \text{no. of calendar years from the date of commission of the default}$
<b>d.</b>	Reputation risk applicable in all cases	All applicants - 0.25

\*Factor 'c' is applicable only in cases where the actual profit and/or loss avoided (approx) is determinable. While calculating the period, the fractions may be ignored.

**'V' = VALUE FOR THE HIGHEST % OF VOLUME TRADED IN ANY TRADING PERIOD DURING THE ENTIRE PERIOD OF DEFAULT**

In case of more than one scrip, the scrip with the highest volume traded is to be considered

% VOLUME TRADED (ILLIQUID SCRIP)	'V'	% VOLUME TRADED (LIQUID SCRIP)
Upto 50%	0.05	Upto 2%
50 -60%	0.07	2-5%
60-75% <sup>#</sup>	0.1	5-10% <sup>#</sup>
75% or more <sup>#</sup>	0.15	10% or more <sup>#</sup>

#Where the volume traded, during any trading period falls within this class, the IC or HPAC or Panel of WTM's shall consider whether the default may be settled.

'P' = VALUE FOR HIGHEST % OF PRICE CHANGE IN ANY TRADING PERIOD DURING THE ENTIRE PERIOD OF DEFAULT

In case of more than one scrip, the scrip with the highest price change is to be considered

% PRICE CHANGE (ILLIQUID SCRIP)	'P'	% PRICE CHANGE (LIQUID SCRIP)
Upto 50%	0.05	Upto 5%
50-100% <sup>#</sup>	0.07	5-10% <sup>#</sup>
100-200% <sup>#</sup>	0.1	10-20% <sup>#</sup>
200% or more <sup>#</sup>	0.15	20% or more <sup>#</sup>

#Where the price change during any trading period falls within this class, the IC or HPAC or Panel of WTM's shall consider whether the default may be settled.

'Q' = VALUE FOR HIGHEST % OF PRICE CHANGE IN ANY TRADING PERIOD, DURING THE PERIOD OF DEFAULT FOR F&O & LEVERAGED PRODUCTS

In case of more than one product, the contract with the highest price change is to be considered

% PRICE CHANGE	'Q'
Upto 0.5%	0.05
0.5-1%	0.07
1-5% <sup>#</sup>	0.1
5% or more <sup>#</sup>	0.15

#Where the price change during any trading period falls within this class, the IC or HPAC or Panel of WTM's shall consider whether the default may be settled.

## II - APPLICABLE AMOUNT

THE APPLICABLE AMOUNT FOR AN APPLICANT = The profit made and/or loss avoided\*  
of each applicant  
Or

**The Base Amount as per Table V,  
whichever is higher.**

**\*IN CHAPTER V TO VII, PROFIT MADE AND/OR LOSS AVOIDED, MAY BE CALCULATED AFTER TAKING INTO ACCOUNT THE FOLLOWING:**

1. In cases, where the profit made and losses avoided both co-exist, the sum thereof shall be taken into consideration for arriving at the total ill-gotten profit made by the applicant.
2. In cases of issue of fraudulent securities, fraudulent purchase of securities, including where funding is through circuitous route, etc., the profit made and/or loss avoided, shall be calculated after taking into account the market value of the securities on the date of purchase, allotment, issue, etc; whichever is relevant, in addition to the profit earned from subsequent sale thereof, if any.
3. In cases involving the siphoning of funds or cornering of securities in an issue, the applicant's profit made and/or loss avoided shall take into account the net proceeds or the value of the securities or the share thereof received by the applicant.
4. In cases involving an intermediary, the profit made and/or loss avoided shall take into account the *gross* fees earned by the applicant in respect of the default, by whatever name called and any proprietary trades, if any.
5. In cases where the purpose of the FUTP is to maintain the price, the profit made and/or loss avoided shall take into account any means by which the applicant has benefited including the value of any pledge, margin requirements, loans against securities, hedge, options, hybrids, futures, issue of securities, etc., in the scrip in which the applicant was interested.
6. In cases where trades have been executed after the dissemination of false information, the profit and/or loss avoided shall take into consideration the difference between the purchase or sale price of the security and the value of that security as measured by the trading price of the security after a reasonable period from public dissemination of the true information.

**TABLE V- BASE AMOUNT**

**AND**

**PARAMETERS (WHEREVER APPLICABLE) RELATING TO FUTP INCLUDING AIDING AND ABETTING FUTP OR CODE OF CONDUCT NOTED IN AN INVESTIGATION RELATED TO FUTP**

In case more than one parameter is applicable, the highest Base Amount, as may be appropriate in the facts and circumstances of the case, may be considered.

CATEGORY OF APPLICANT	BASE AMOUNT AND PARAMETER *
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a.	Intermediaries	<p>(i) Where the entity is charged for FUTP or aiding and abetting FUTP</p> <p style="text-align: center;">₹15 lakh</p> <p style="text-align: center;">Or</p> <p>1.5% of the value of the gross fraudulent trades executed through the intermediary including proprietary trades,</p> <p style="text-align: center;">whichever is higher</p> <p>(ii) Where the intermediary is charged for violation of code of conduct</p> <p style="text-align: center;">₹8 lakh</p> <p style="text-align: center;">Or</p> <p>0.75% of the value of the gross fraudulent trades executed through the intermediary,</p> <p style="text-align: center;">whichever is higher</p> <p>(iii) In cases of proceedings before the DM or the WTM, the Base Amount may also be computed by taking into account a suitable fraction or multiple of the gross annual income during the period of default, as may be recommended or decided by the IC or HPAC or Panel of WTM's, after taking into account the facts and circumstances of the case.</p>
b.	<p>Applicant charged for financing the FUTP activities</p> <p>(Listed companies not engaged in lending business, but charged with financing its Issue fall under point 'd')</p>	<p style="text-align: center;">₹15 lakh</p> <p style="text-align: center;">Or</p> <p>15% per annum × into funds provided × period for which the funds was provided, whichever is higher</p>
c.	Promoters	₹1 crore

	<p><b>Whole Time Directors or Chairman</b></p> <p><b>Other directors or Key Managerial Personnel (KMP)</b></p>	<p style="text-align: center;"><b>Or</b></p> <p style="text-align: center;"><b>0.5% of the (highest) market value of its/his holdings in the company (including any convertible warrant or options)</b></p> <p style="text-align: center;"><b>whichever is higher</b></p> <p style="text-align: center;"><b>₹25 lakh</b></p> <p style="text-align: center;"><b>Or</b></p> <p style="text-align: center;"><b>0.5 % of the (highest) market value of its/his holdings in the company (including any convertible warrants or options)</b></p> <p style="text-align: center;"><b>whichever is higher;</b></p> <p style="text-align: center;"><b>₹10 lakh</b></p> <p><b>Note:</b></p> <p style="padding-left: 20px;"><b>I. In case of pre-IPO related matters, the market value will be computed on the basis of the listing price.</b></p> <p style="padding-left: 20px;"><b>II. In the case of already listed companies, the value of holdings during the period of default shall be taken.</b></p>
<p><b>d.</b></p>	<p><b>Listed companies</b></p> <p><b>(to be borne by the promoter group or directors or KMPs or the company or both, as the case may be)</b></p> <p><b>(In case where the charge against a company is of funding its own issue or any other FUTP charge and the promoters or directors are also charged for the same default as the company, then only point 'd' applies. In other</b></p>	<p style="text-align: center;"><b>₹10 lakh</b></p> <p style="text-align: center;"><b>Or</b></p> <p style="text-align: center;"><b>0.1% of its (highest) entire market cap during the period of the default.</b></p> <p style="text-align: center;"><b>whichever is higher</b></p> <p><b>Note:</b></p> <p style="padding-left: 20px;"><b>I. In case of pre-IPO related matters, the market value will be computed on the basis of the listing price.</b></p> <p style="padding-left: 20px;"><b>II. In the case of already listed companies, the value of holdings during the period of default shall be taken.</b></p>

	<b>cases, the higher of point ‘c’ or ‘d’ shall be borne by the promoters or directors, as the case may be)</b>	
<b>e.</b>	<b>Name-lender clients or front-entities or dummy entities</b>	<b>To be determined for each applicant as recommended or decided by the IC or HPAC or Panel of WTMs on the basis of the facts and circumstances of each case</b>
<b>f.</b>	<b>Key-operators</b>	<p><b>To be determined for each applicant as recommended or decided by the IC or HPAC or Panel of WTMs on the basis of the facts and circumstances of each case.</b></p> <p><b>Notwithstanding the above, in case of the key operator transferring the bulk or the whole of his share of proceeds or securities cornered, to another, the base amount may also be added by a suitable fraction taking into account a suitable fraction or multiple of the gross amount or transfers made, as may be recommended or decided by the IC or HPAC or Panel of WTM’s after taking into account the facts and circumstances of the case.</b></p>
<b>g.</b>	<b>FII Proprietary sub-account</b>	<p><b>₹35 lakh</b></p> <p><b>Or</b></p> <p><b>0.005% of the total assets under custody (AUC), whichever is higher</b></p>
	<b>Non- proprietary sub-accounts</b>	<p><b>₹20 lakh</b></p> <p><b>Or</b></p> <p><b>0.005% of the total AUC, whichever is higher</b></p>
<b>h.</b>	<b>Book running lead manager or lead manager and other intermediaries associated with an issue or takeover</b>	<p><b>1% of the issue or takeover size (or the estimated issue size) handled by the Book running lead manager or lead manager and</b></p> <p><b>0.25% for other intermediaries</b></p>
<b>i.</b>	<b>AMC, trustee, sponsor, etc.</b>	<b>₹25 lakh</b>

	( In case of mutual fund, etc., to be borne by the AMC, CIMC, manager, etc., and not to be passed on to the schemes)	<p style="text-align: center;"><b>Or</b></p> <p style="text-align: center;"><b>0.001% of the total assets under management (AUM)</b></p> <p style="text-align: center;"><b>Or</b></p> <p style="text-align: center;"><b>0.1% of the net worth; whichever is higher</b></p>
j.	Where none of the above are applicable to the applicant	To be determined for each applicant as recommended or decided by the IC or HPAC or Panel of WTM's on the basis of the facts and circumstances of each case

\* To be calculated per scrip or product manipulated. In case the scrip is part of any index maintained by BSE Ltd or National Stock Exchange of India Ltd, the Base Amount shall be increased by 15%.

In these guidelines the following persons shall be treated as 'name-lender':

An applicant who allows his name to be used or whose name is used for opening a demat account or client account by another, who operates the same as his own account. It includes an account-lender whose demat account or client account is allowed to be used or used for market transactions by anyone other than himself, for the purpose of any activity by such other, including manipulation or other fraudulent activities.

A key operator referred to in these guidelines, includes the main manipulator and any other applicant who in the opinion of the IC or HPAC or Panel of WTM's may be so categorised.

## Chapter VI

### BENCHMARK AMOUNT IN DISCLOSURE RELATED DEFAULTS UNDER SEBI (SAST) REGULATIONS, SEBI (PIT) REGULATIONS AND OTHER DISCLOSURES AND REPORTING REQUIREMENTS, etc.

The Benchmark Amount for disclosure defaults i.e. B (D) may be computed on the basis of this Chapter. This chapter does not deal with those disclosure defaults which amount to FUTP.

However the IC or HPAC or Panel of WTM's, may, in cases of serious disclosure defaults take the Benchmark Amount of the applicant as per the provisions of securities laws if the amounts arrived at on the basis of the calculations are found to be low and not commensurate to the seriousness of the alleged default or the ill-gotten profit and/or loss avoided by the applicant.

**B(D) = BASE VALUE AS PER TABLE IX X SUM OF BASE AMOUNTS AS PER TABLE VI OR VII**

#### TABLE VI- BASE AMOUNT - DISCLOSURES UNDER SEBI (SAST) REGULATIONS

BASE AMOUNT FOR VIOLATION OF

PERCENTAGE OF SHAREHOLDING OR VOTING RIGHTS ACQUIRED OR DISPOSED BUT NOT DISCLOSED OR PERCENTAGE OF ENCUMBERED SHARES BUT NOT DISCLOSED, etc.	REGULATION 7 OF SEBI (SAST) REGULATIONS, 1997  OR  REGULATION 29 OF SEBI (SAST) REGULATIONS, 2011	REGULATION 8 OF SEBI (SAST) REGULATIONS, 1997*  OR  REGULATION 30 OF SEBI (SAST) REGULATIONS, 2011*	REGULATION 8A OF SEBI (SAST) REGULATIONS, 1997  OR  REGULATION 31 OF SEBI (SAST) REGULATIONS, 2011
Upto 2 %	₹1 lakh  +  ₹5,000/- For every three months delay <sup>#</sup> or part thereof		
2% to less than 5 %	₹2 lakh  +  ₹ 10,000/- For every three months delay or part thereof		
5 % to less than 10%	₹5 lakh  +  ₹15,000/- For every three months delay or part thereof		
10 % to less than 15 %	₹10 lakh + 0.1 % of the value of the holding not disclosed, etc.  +  ₹20,000/- For every three months delay or part thereof		
15% and above	₹15 lakh + 0.1 % of the value of the holding not disclosed, etc.  +  ₹25,000/- For every three months delay or part thereof		

\* The Base Amount shall only be as per the lowest slab, irrespective of change in shareholding over the reporting period. In case of defaults related to disclosures that are required to be made annually, and application is filed for settlement of such defaults, the amount for delay for every three months or part thereof shall be computed only for the first non-disclosure. In case the applicant complies with the annual reporting requirements for a few years, such compliance will

not result in a higher base amount than would have otherwise be calculated for continuous defaults.

#The period of delay is to be calculated from the last day, when the disclosure ought to have been made, as required by the regulations.

In case a correct disclosure is made on time but filed in the wrong format, the Base Amount shall be reduced by 75%.

**TABLE VII- BASE AMOUNT - TRANSACTION SPECIFIC DISCLOSURES UNDER REGULATIONS 13(3), 13(4), 13(4A) AND CORRESPONDING 13 (6) OF SEBI (PIT) REGULATIONS 1992,**

<b>PERCENTAGE OF SHAREHOLDING OR VOTING ACQUIRED BUT NOT DISCLOSED, etc.</b>	<b>BASE AMOUNT*</b>
<b>Upto 2%</b>	<b>₹1.5 lakh + ₹7,500/- For every three months delay or part thereof</b>
<b>2% to less than 5%</b>	<b>₹ 2.5 lakh + ₹12,500/- For every three months delay or part thereof</b>
<b>5% to less than 10%</b>	<b>₹6 lakh + ₹ 17,500/- For every three months delay or part thereof</b>
<b>10 % to less than 15%</b>	<b>₹12 lakh + 0.1 % of the value of the holding not disclosed, etc. + ₹ 22,500/- For every three months delay or part thereof</b>
<b>15% and above</b>	<b>₹20 lakh + 0.1 % of the value of the holding not disclosed, etc. + ₹ 25,000/- For every three months delay or part thereof</b>

\*In cases of disclosures not made by the connected persons and by the KMPs, the Base Amount may be increased by 25%.

In case the applicant is charged for non-disclosure of both SEBI (SAST) Regulations and SEBI (PIT) Regulations, the Base Amount arrived at for any one of the Regulations shall be reduced by 75%.

**OTHER DISCLOSURES AND REPORTING REQUIREMENTS**

**B(D) = BASE VALUE AS PER TABLE IX X SUM OF BASE AMOUNTS AS PER TABLE VIII**

**TABLE VIII- BASE AMOUNT**

<b><u>NATURE OF DEFAULT</u></b>	<b><u>BASE AMOUNT</u></b>
<b>TYPE OF NON-DISCLOSURE</b>	
<b><u>SEBI (PIT) Regulations</u></b>	
<b>Periodical and other disclosures</b>	<b>₹3 lakh + ₹5,000/- for every three months delay or part thereof</b>
<b><u>SEBI (SAST) Regulations</u></b>	
<b>Reporting requirements or disclosures for which exemptions are available, except cases of non-compliance of a condition precedent for availing exemption would result in the triggering of an open offer obligation</b>  (In respect of Regulation 6 of SEBI (SAST) Regulations, 1997 the provisions are dated and no amount may be recommended, except in case of standalone violations of Regulation 6 of SEBI (SAST) Regulations, 1997 the minimum amount of ` 2 lacs may be applicable)	<b>₹2 lakh + ₹10,000/- for every three months delay or part thereof</b>
<b><u>SEBI (FII) Regulations</u></b>	
<b>Failure to provide information</b>	<b>₹20 lakh per default</b>
<b>Intimation of material changes</b>	<b>₹5 lakh per default</b>
<b><u>Others</u></b>	
<b>Code of conduct reporting requirements</b>  or  <b>Disclosures on appointment of director</b>  or  <b>Any other disclosure related defaults that are not detailed in these guidelines, if deemed appropriate</b>	<b>₹2 lakh + ₹10,000/- for every three months delay or part thereof</b>

**TABLE IX - BASE VALUE**

NATURE OF DEFAULT		BASE VALUE
a)	Per se SAST or PIT or ICDR regulation, etc. violation, not falling in any of the below mentioned categories	1
b)	Non-disclosure charge in combination with any other charge	1.1
c)	Charge of non-disclosure, although timely related disclosure made under any other Regulation(s)	0.6
d)	Charge of non-disclosure, although timely related disclosure made under any other regulation of SEBI (SAST) Regulations or listing agreement, etc.	0.55
e)	Companies with paid-up share capital below ₹10 crore (not applicable to companies which are exclusively holding companies)	0.5

All factors 'a' to 'e' in Table IX are mutually exclusive. In case of applicability of more than one factor, the lowest factor is to be considered.

**OPEN OFFER DEFAULTS INCLUDING INDIRECT ACQUISITION**  
**(CONSENTABLE CASES ONLY)**

The Benchmark amount for open offer defaults ie. B (OO) may be computed on the basis provided below.

However the IC or HPAC or Panel of WTM's, may, in cases of serious open offer default, take the Benchmark Amount of the applicant as per the provisions of securities laws if the amounts arrived at on the basis of the calculations are found to be low and not commensurate to the seriousness of the alleged default.

The non-compliance of a condition precedent for availing exemption would result in the triggering of an open offer obligation and would be considered as per under Table X and XI.

$$\mathbf{B(OO) = SUM OF BASE VALUES AS PER TABLE XI \times BASE AMOUNT AS PER TABLE X}$$

**TABLE X-BASE AMOUNT**

NATURE OF DEFAULT	BASE AMOUNT FOR ACQUIRER AND PACS
Delayed open offer	₹ 25 lakh or

<b>Cases of open offer defaults referred for adjudication</b>	<b>0.25% of the open offer size, i.e. max number of shares for which open offer must be given x applicable open offer price, which ever is higher</b>
<b>Delayed open offer (after direction from the Board)</b>	<b>₹ 50 lakh or 0.5% of the open offer size, whichever is higher .</b>
<b>Where the making of the open offer is infructuous i.e. when company has been delisted, etc.</b>	<b>To be recommended or decided by the IC or HPAC or Panel of WTMs on the basis of the facts and circumstances of each case</b>
<b>Where the open offer is not beneficial to the shareholders</b>	

**TABLE XI-BASE VALUES**

<b>NATURE OF DEFAULT UNDER CONSIDERATION</b>		<b>BASE VALUE</b>
<b>a</b>	<b>Entity in control of the target company, prior to triggering the takeover</b>	<b>1</b>
<b>b</b>	<b>Entity not in control of target company, prior to triggering the takeover</b>	<b>1.2</b>
<b>c</b>	<b>Illiquid Scrip</b>	<b>0.3</b>

Factors 'a' and 'b' are mutually exclusive.

**Chapter VII**  
**BENCHMARK AMOUNT FOR OTHER DEFAULTS BY INTERMEDIARIES , REGULATED ENTITIES,**  
**‘B (I/RE)’:**

The Benchmark Amount for other defaults by intermediaries (I) and other regulated entities (RE) i.e. B(I/RE) may be computed on the basis of this Chapter. This Chapter is not applicable where default is dealt with under Chapter V or is by a CIS, mutual fund, etc., where the proposed remedy may be disgorgement or refund or winding up of the scheme or fund.

However the IC or HPAC or Panel of WTM’s may in cases of serious violations take the Benchmark Amount of the applicant as per the provisions securities laws if the amounts arrived at on the basis of the calculations are found to be low and not commensurate to the seriousness of the alleged default.

**B(I/RE) = SUM OF ALL BASE AMOUNTS AS PER TABLE XII + 25 % OF THE GROSS FEE EARNED\* IN RESPECT OF THE MAJOR DEFAULTS, WHERE DETERMINABLE**

\*A lower percentage may be taken in respect of Public Sector Undertakings.

**TABLE XII- BASE AMOUNT**

NATURE OF DEFAULT	BASE AMOUNT	
	MINOR CASES	MAJOR CASES <sup>#</sup>
Code of conduct related defaults	₹1 lakh per default	₹8 lakh per default
Section 15B of SEBI Act , etc.		

<b>Section 15F of SEBI Act &amp; other stock-broker defaults vis-à-vis clients, etc.</b>		
<b>Delay in redressing investor grievances*</b>		
<b>Section 15D &amp; 15E of SEBI Act- CIS, AMC, and other fund activity related defaults, etc., including conduct related defaults</b>	<b>₹2 lakh per default or 0.001% of the AUM or 0.1% of the net worth whichever is higher</b>	<b>₹20 lakh per default or 0.001% of the AUM or 0.1% of the net worth whichever is higher</b>
<b>Other defaults not provided elsewhere in these guidelines, if deemed appropriate</b>	<b>₹ 1 lakh per default</b>	<b>₹8 lakh per default</b>

\* The IC or HPAC or Panel of WTMs may based on the facts and circumstance of the case, gravity of the grievances and the past track record of the entity in redressing investor grievances, arrive at a lump sum Base Amount of ₹5 lakh or a lesser amount.

# The Base amount may also take into account any ill-gotten profit and/or loss avoided in major cases. In case of violations under Securities Contract (Regulations) Act, 1956 and the rules, regulations made thereunder the IC or HPAC or Panel of WTMs may recommend or decide a higher base amount. Further, in case of proceedings before DM or WTM, the Base Amount may also be computed by taking into account a suitable fraction or multiple of the gross annual income during the period of default, as may be recommended or decided by the IC or HPAC or Panel of WTM's, after taking into account the facts and circumstances of the case.

#### CLARIFICATIONS:

- In case of CIS, mutual fund, AIF, etc., related defaults, the settlement amount shall be recovered from the promoter or CIMC; and from trustees or sponsors or AMC or manager in case of defaults by AMCs or Mutual Fund, etc., as may be deemed appropriate.
- In case the CIMC or AMC, etc., investment decisions have caused wrongful loss to the investors, the CIMC or AMC, etc., shall be required to make good such loss, to the

investors. In case, the same is not possible, the amount shall be deposited in the Investor Protection and Education Fund of SEBI.

- c. Conduct related defaults may be settled only if the applicant has rectified its conduct and the investor grievances have been redressed to the satisfaction of SEBI.

<sup>18</sup>**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) .....

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<sup>18</sup> Inserted vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017 w.e.f. 27.12.2017.

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]

**U.K. SINHA  
CHAIRMAN  
SECURITIES AND EXCHANGE BOARD OF INDIA**