

## **Frequently Asked Questions (FAQs) on the SEBI Settlement Scheme, 2020**

**One-time opportunity for settlement to the entities that have executed reversal trades in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.**

**Scheme issued by the Securities Exchange Board of India on 27th July, 2020.**

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The Securities Exchange Board of India has introduced a Settlement Scheme, 2020 (hereinafter called and referred to as “the Scheme”) vide Public Notice dated July 27, 2020 in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations 2018 (hereinafter called and referred to as the “Settlement Regulations”). The purpose of the Scheme is to provide a one-time opportunity for settlement to the entities that have executed reversal trades in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

Under the Scheme, an entity desirous of making an application for one-time settlement under the Scheme has been provided with an opportunity to submit a settlement application along with an application fee of Rs. 25,000/- in case of body corporates and Rs. 15,000/- in case of other than body corporates in the specified format, available on the SEBI website and also on the BSE website. The settlement application should be sent in physical copy to SEBI along with undertakings and waivers (duly notarised and stamped duty duly paid in Non-judicial stamp paper), a self-attested copy of the PAN Card and the ITRs for the last 3 years.

**Q. 1.** What is the eligibility criterion for availing the Scheme?

**A. 1.** The Scheme shall be applicable in respect of the entities who have executed reversal trades on the BSE stock options segment during the period beginning from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

**Q. 2.** I have received a letter/email from SEBI wherein it is alleged that I had carried out the trade reversals in stock options segment of BSE during 1.4.2014 and 30.9.2015 for which certain proceedings were initiated against me are pending. I am unaware of the proceedings and any communications in this matter. What should I do?

**A. 2.** SEBI has initiated proceedings against entities who have engaged in trade reversals in illiquid stock options at BSE during the period April 01, 2014 to September 30, 2015. Show Cause Notices are yet to be issued in respect of certain entities.

Applicants are advised to open the link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html> , enter PAN to check their details, and their eligibility for the scheme. Applicants can pay the application fee and settlement amount online to settle the proceedings against them.

**Q. 3.** I have already filed settlement application in respect of Show Cause Notice issued by Adjudicating Officer before the Scheme was introduced? Do I need to submit my application again?

**A. 3.** No. Such applicants may go to the link given below, enter their PAN and pay the settlement amount to settle the proceedings. They do not need to pay the registration fee. Such applicants would be required to upload the requisite documents.

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

**Q. 4.** Where can the Scheme document be seen?

**A. 4.** The Scheme document is available at the following link:

[https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-in-respect-of-sebi-settlement-scheme-2020\\_47150.html](https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-in-respect-of-sebi-settlement-scheme-2020_47150.html)

**Q. 5.** How to file a settlement application under the scheme?

**A. 5.** Any person desirous of filing a settlement application under the Scheme is required to take the following continued sequential actions:

- a) Online submission of scanned documents in the SEBI SI Portal
  - i) A scanned copy of the self-attested copy of the PAN Card of the applicant.

- ii) A scanned copy of the undertakings and waivers in Non-judicial stamp paper, duly notarised and stamped duty duly paid.
  - iii) Scanned copies of the self-attested Income Tax Returns of the applicant for the last 3 financial years.
- b) Payment of the non-refundable settlement application processing fees of Rs. 25,000/- in case of body corporates and Rs. 15,000/- in case of other than body corporates. The link is as under:  
<https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>
- c) Payment of the settlement amounts as displayed in respect of each of the applicants. The link is as under:  
<https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>
- d) Filing of the physical copy of the settlement application (to be received by SEBI on or before November 05, 2020) along with the following documents:
  - i) A settlement application in the specified format as per Annexure 1
  - ii) A copy of the self-attested copy of the PAN Card of the applicant.
  - iii) The undertakings and waivers in Non-judicial stamp paper, duly notarised and stamped duty duly paid.
  - iv) Self-attested copies of the Income Tax Returns of the applicant for the last 3 financial years.
  - v) A self-attested copy of the payment of the non-refundable settlement application processing fees.
  - vi) A self-attested copy of the payment of the settlement amounts as displayed in respect of each of the applicants

An entity desirous of making an application for one-time settlement under the Scheme can do so in the specified format which is available on the SEBI website and also on the BSE website.

**Q. 6.** What is the application fee applicable under the Scheme?

**A. 6.** An applicant who is interested in availing the Scheme shall file a settlement application. The applicant has to make the payment of a non-refundable settlement application processing fees of Rs. 25,000/- in case of body corporates and Rs. 15,000/- in case of other than body corporates.

Apart from this the applicant has to pay the settlement amount (as applicable to the applicant) as displayed in the SEBI website in the following link.

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

SEBI may collect legal charges in addition to the aforesaid amount in respect of the cases which are before the Hon'ble Securities Appellate Tribunal or before any other Court.

**Q. 7.** What shall be the mode of payment of the fee mentioned above?

**A. 7.** Applicants can make online payment of the fee. The details of the same are available on the website of SEBI. The link for the payment has also been specified in the Public notice which is given below.

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

The applicant is required to choose the option of Settlement Scheme and then follow the instructions as provided.

**Q. 8.** What action will be taken, if the one-time settlement scheme is not availed?

**A. 8.** The entities who do not avail the one-time opportunity for settlement within the prescribed period, shall be liable for enforcement action. In respect of the cases where adjudication proceedings are initiated, action would be taken in terms of Section 15-I of the SEBI Act, 1992.

**Q. 9.** When will the settlement order be passed under the Scheme?

**A. 9.** Subsequent to the closure of the Scheme, a composite settlement order would be passed by the competent authority after reconciliation of records.

**Q. 10.** Should I wait till the last day for filing the settlement application under the Scheme?

**A. 10.** It is advisable to file a settlement application under the Scheme as soon as possible in order to avoid last rush. Sufficient time of three months have been provided under the Scheme.



**SCHEDULE-I (See Regulation 3 of the Settlement Regulations)**

**Part-A - FORM**

**Application for settlement (To be filed only after conclusion of investigation, inspection, inquiry or audit, as the case may be)**

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(For Office use only)

Date of receipt of the application:

Application Registration Number:

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*(**Instructions**: All particulars, including submission regarding details of loss caused to investors, profit made and proposed settlement amount **must** be filled, else application shall be returned.*

*Put 'NA' only where NOT APPLICABLE.)*

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

In the matter of trading in illiquid stock options at the Bombay Stock Exchange (BSE) – in terms of the SEBI Settlement Scheme, 2020.

1. Name/Trade name of the applicant/co-applicants:
  - (a) Registration no., if applicable :
  - (b) Date of Registration, if applicable :
  - (c) PAN/DIN/CIN number, as available:
  - (d) Paid-up capital of applicant:
  
2. If stock broker, name of the stock exchange:
  
3. If sub-broker/authorised person, 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 loss caused, profit made, loss avoided, gross fees, brokerage, commissions, etc., in respect of the cause of action, with manner of calculation thereof):

[APPLICANT TO TAKE INTO ACCOUNT THE GUIDELINES PROVIDED IN SCHEDULE-II]
18. Specific charges alleged:
19. Submissions in respect of sub-regulations (2), (3) & (4) of Regulation 5:
20. Terms of settlement proposed by the Applicant:-
  - (a) Monetary terms, with manner of calculation:-
  - (b) Non-monetary terms, including manner of calculation of terms of disgorgement due:-
21. Original documents to be enclosed:
  - (a) Undertakings and waivers (as per Format specified in Part C).

- (b) Authority letter/Board resolution.
22. 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 and DIN/CIN details;
  - (e) Complete Income-tax Returns of the applicant for the last three financial years;
  - (f) In case of a foreign body corporate applicant, include details relating to incorporation, place of business, registration details with any non-Indian financial sector regulatory authority.
  - (g) In case of a non-resident applicant, include details relating to passport and national identity document, if any.
  - (h) Any other relevant document (s)/submissions.

(Signature of the applicant)

(Stamp and Seal of the applicant in case of body corporate  
along with Signature of the authorised representative(s))



### Verification

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

(Signature of the applicant)

Date:

Place :

(Stamp and Seal of the applicant in case of body corporate along with Signature of the authorised representative(s))

## **Part-B**

Every applicant under Chapter II of these regulations shall pay a non-refundable processing fee of fifteen thousand rupees, through the SEBI SI Portal. Provided that, where the applicant is a body corporate, the non-refundable processing fee shall be twenty-five thousand rupees.

## **Part-C**

### **Undertakings and Waivers**

#### **Format**

Undertaking to be submitted by each applicant, along with the application with stamp duty duly paid and duly notarized at the time of execution.

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

- (1) I/We admit the jurisdiction and right of the Securities and Exchange Board of India to initiate appropriate 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 or laches, 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.
- (7) The settlement order shall be construed and enforced in accordance with the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018, as amended from time to time.
- (8) I/We agree that subsequent to the passing of the settlement order, I/We shall not take any action or make or permit to be made any public statement denying, directly or indirectly, any finding of the Board including that recorded in the settlement order or creating impression that the settlement order is without factual basis.
- (9) I/We hereby declare that nothing in the waiver and undertaking given by me/us shall affect my/our (i) testimonial obligations, or (ii) right to take legal or factual positions in defence of litigation or in defense of a claim or in any other legal proceeding in which the Board is not a party.
- (10) I/We for the limited purpose of settlement under these regulations 'admit the findings of fact and conclusions of law' or 'neither admit nor deny the findings of fact and conclusions of law' (strike off whichever is not applicable), and agree to abide by the settlement order as may be passed in accordance with the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 and guidelines and circulars issued by the Board in that regard:
- Provided that, in relation to defaults related to disclosures other than relating to a prospectus or a letter of offer or a similar such document required to be made in relation to an issue of securities, I/we do not deny the alleged default.
- (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, including conflict of interest, as may be construed to prevent any member or officer of the Securities and Exchange Board of India from participating in the 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, the officers or the High Powered Advisory Committee, based on the consideration of or discussions concerning settlement of all or any part of the internal proceedings; and

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

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

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

Before me.

Notary.