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SECURITIES AND EXCHANGE BOARD OF INDIA

(SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2026

1. Introduction

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 (“the Regulations”), to provide a structured mechanism for settlement of eligible administrative and civil proceedings relating to alleged violations of securities laws.

The Regulations seek to facilitate timely resolution of proceedings, standardise settlement calculations, provide for remedial measures and encourage cooperation with SEBI, while protecting investor interests and maintaining the integrity of the securities market.

The Regulations are framed under Section 15JB of the SEBI Act, 1992, Section 23JA of the Securities Contracts (Regulation) Act, 1956, and Section 19-IA of the Depositories Act, 1996.

2. Date of Notification : October 06, 2026

3. Effective Date : November 07, 2026

4. Scope and coverage

The expression “securities laws” includes:

- The SEBI Act, 1992.
- The Securities Contracts (Regulation) Act, 1956.
- The Depositories Act, 1996.
- Relevant provisions of other laws administered by SEBI.
- Relevant rules, regulations, master circulars, circulars, general or special orders and guidelines issued under those laws.



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The Regulations cover specified proceedings initiated or proposed to be initiated by SEBI, proceedings pending before SEBI, and appeals pending before the Securities Appellate Tribunal (SAT) or the Supreme Court, under the statutory provisions specified in Regulation 2(1)(l).

5. Whether all violations are covered

The Regulations do not provide a blanket settlement mechanism for every violation of securities laws.

A violation must give rise to a “specified proceeding” under Regulation 2(1)(l), and the application must satisfy the eligibility requirements, restrictions and other conditions of the Regulations.

The following specified proceedings are generally excluded under Regulation 6(1):

- Where an application for settlement of the same alleged default has previously been rejected, subject to the specified exceptions.
- Where examination, investigation, inspection or audit relating to the cause of action is pending, except for settlement applications involving confidentiality.
- Where the applicant is a wilful defaulter, fraudulent borrower or fugitive economic offender.

Further, under Regulation 6(2), a proceeding may not be settled if the alleged default has market-wide impact, has caused losses to a large number of investors or has affected market integrity. Regulation 18(2) provides that such matters may nevertheless be considered where the relevant concerns can be adequately remedied through monetary and remedial or regulatory terms, including a higher settlement amount.

The Panel of Whole Time Members retains discretion to accept or reject applications in the interest of investors and the development and regulation of the securities market.

6. Application procedure and timelines

An eligible entity may apply for settlement at any stage of the specified proceeding, subject to the Regulations.



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Application requirements

The application must be submitted in the prescribed form, together with:

- The prescribed undertaking and waiver.
- The basis of computation of the proposed settlement amount.
- A non-refundable application fee of ₹25,000/- for a natural person and ₹35,000/- for other applicants.
- Such information and supporting documents as may be required by SEBI.

One application must be made for all specified proceedings arising from the same cause of action.

An incomplete application may be returned with reasons. The applicant may submit a complete, revised application within 15 days of communication by SEBI; otherwise, it is deemed withdrawn.

Applicable timelines

- **Pending before SEBI:** Ordinarily, the application must be filed within 90 days of service of the show-cause notice or supplementary show-cause notice, whichever is later.
- **Pending before SAT or the Supreme Court:** The 90-day limitation under Regulation 4(1) does not apply.
- **Before issue of a show-cause notice:** SEBI may issue a settlement notice providing 60 days from receipt to apply.
- **Specified pending matters under the earlier 2018 Regulations:** Regulation 4(3) provides a transitional 90-day period from commencement for the relevant cases. An additional 20% settlement amount applies under Regulation 4(4).



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7. Settlement terms and monetary conditions

Under Regulation 9, settlement terms may include:

1. A settlement amount determined under Regulation 10.
2. Disgorgement of wrongful gains, loss averted or loss caused to investors, as alleged in the report, show-cause notice or order.
3. Applicable interest.
4. Remedial and regulatory terms, where applicable.
5. Disclosures required under the securities laws.

Where there is joint and several liability, the relevant disgorgement and interest may be payable jointly or severally by the applicants seeking settlement.

8. Interest

Under Regulation 20, where an amount, including disgorgement, is payable:

- If no final order has been passed by SEBI, interest is generally calculated at 9% per annum from the transaction date to the date of filing the settlement application.
- If a final order has been passed, interest is generally calculated at 9% per annum up to the date of the final order and thereafter at 12% per annum until the settlement application is filed.

Interest is calculated on the principal amount, not on unpaid interest, subject to the terms of Regulation 20.

9. Consideration and approval of settlement applications

The settlement process ordinarily involves the following:



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1. **Internal Committee:** Examines whether the proceeding may be settled and recommends settlement terms. It may call for documents, seek clarification, conduct meetings and permit revised terms within the prescribed period.
2. **High Powered Advisory Committee:** Considers the proposed terms and the Internal Committee's recommendation. It comprises a judicial member who has served as a Supreme Court or High Court judge and three external experts.
3. **Panel of Whole Time Members:** Considers the recommendations and decides whether to accept or reject the proposed settlement, subject to the powers conferred by the Regulations.
4. **Notice of demand and payment:** Following approval, a notice of demand is ordinarily issued within 10 days. The settlement amount must be paid within 30 days of receipt of the demand notice, and other conditions must be fulfilled within the prescribed period.

However, SEBI may reject an application for failure to respond to communications, provide required information, attend required meetings, comply with undertakings or waivers, pay the settlement amount or satisfy settlement conditions.

Further, an application may be withdrawn before the decision of the Panel of Whole Time Members is communicated. Refiling following rejection or withdrawal is subject to the applicable conditions and, where prescribed, an additional 20% settlement amount.

10. Fast-track settlement

Chapter VI provides two forms of fast-track settlement.

A. Violation-based fast-track settlement

SEBI may issue a fast-track settlement notice before initiating specified proceedings for eligible defaults, including:

- Delayed disclosures, returns or filings.



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- Certain non-disclosures relating to companies exclusively listed on regional stock exchanges that have exited.
- Disclosures not made in the prescribed format.
- Delayed compliance with legal requirements or SEBI directions.
- Other defaults specified by SEBI.

The applicant ordinarily has 30 days from receipt of the notice to apply, pay the specified amount and comply with or undertake to comply with the stipulated remedial and regulatory terms. A reasoned extension of up to 15 days may be granted under Regulation 27.

B. Monetary-threshold-based fast-track settlement

Where the Internal Committee considers that the settlement amount is up to ₹10 lakh and neither disgorgement nor remedial and regulatory terms apply, the matter may be considered under the simplified procedure in Regulation 28.

Failure to avail the available fast-track route may result in the specified proceeding being initiated or continued, subject to the Regulations.

11. Settlement with confidentiality

Chapter VII permits SEBI to grant confidentiality benefits to a person who provides substantial assistance in an examination, investigation, inspection or audit concerning a securities-law violation.

The applicant must, among other things:

- Cease participation in the violation from the time of disclosure, unless otherwise directed by SEBI.
- Make complete and truthful disclosures and provide relevant evidence.
- Cooperate fully and continuously with SEBI.
- Preserve relevant documents and not conceal, destroy, manipulate or remove evidence.



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The mechanism is available for defaults other than disclosure and reporting requirements and is intended for applications made before or during the relevant examination, investigation, inspection or audit.

However, SEBI may reject a confidentiality application if the information or evidence is incomplete or knowingly false.

12. Application to Takeover, LODR and PIT violations

SAST/ Takeover	Nature of acquisition, open-offer obligation, disclosure default, number of defaults, gains or losses and applicable gravity factor.
LODR	Nature and duration of disclosure or listing-compliance default, financial-statement impact, corrective disclosure, repetition and applicable factors.
PIT	Insider trading, communication of unpublished price-sensitive information, structured digital database compliance, gains or losses and the specific gravity provisions.

Accordingly, violations under these regulations may be considered for settlement, but eligibility must be assessed for the particular proceeding. The fact that a violation falls within a covered regulation does not guarantee settlement.

13. Effect of settlement

On approval and compliance with the settlement terms, the specified proceeding is disposed of by an order of the authority before which it is pending.

Settlement does not automatically extinguish independent criminal proceedings or liability under other laws. Nor does the filing of an application prevent SEBI from issuing interim directions to protect investors or maintain market integrity.

The Regulations also contain provisions for confidentiality, settlement orders, repeal of the SEBI (Settlement Proceedings) Regulations, 2018, and transitional arrangements for pending matters.



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14. Conclusion

The Regulations provide a comprehensive framework for settlement of eligible administrative and civil proceedings under securities laws. They establish a prescribed application procedure, a formula-based settlement amount, disgorgement and interest requirements, remedial and regulatory terms, fast-track settlement and confidentiality benefits.

20.10.2026

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Disclaimer : The above note/analysis has been prepared by our research team for guidance purpose only. For authentication of data/information provided, please refer the respective acts, rules, regulations and respective laws. For any further query in the matter, you may contact us at aklabhcs@gmail.com or aklabh@aklabh.com Please visit at www.aklabh.com to know more about us and our services. **##**