



FREQUENTLY ASKED QUESTIONS

Frequently Asked Questions on the SEBI Settlement Scheme, 2020 – One Time Settlement Scheme issued by the Securities Exchange of India on 27th July, 2020.

The Securities Exchange Board of India has introduced a new scheme vide Public Notice dated 27th July, 2020 called **Settlement Scheme (“the Scheme”) in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018.**

Under the SEBI Settlement Scheme, 2020 as laid out in the Public Notice, any entity desirous of making an application for one-time settlement under the Scheme has been requested to submit a Settlement application along with an application fee of INR 15,000 in case of individuals and INR 25,000 in case of body corporates in the specified format, available on the SEBI website and also on the BSE website.

The purpose of the Scheme is to provide a one-time settlement opportunity to the entities that have executed trade reversals in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

Q. 1. What is the background for announcement of Settlement Scheme (“the Scheme”) in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018 introduced by SEBI?

A. 1. The Scheme is issued because as a part of ongoing surveillance, SEBI came across several instances wherein a set of entities were consistently making losses by their trading in options on individual stocks which are listed on Bombay Stock Exchange (BSE). Trading of these entities appeared abnormal because they were consistently seen to be making significant losses by their trades, which were reversed with the same counterparties either on the same day or the next day.

Q. 2. What is the Settlement Scheme (“the Scheme”) in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018 introduced by SEBI?

A. 2. The Scheme in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018 has been introduced by Securities Exchange Board of India for the purpose of providing a onetime settlement opportunity to the entities that have executed trade reversals in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

Q. 3. Whether this Scheme is permanent?

A. 3. No. It is one-time settlement period as per the Scheme, shall commence on August 01, 2020 and end on October 31, 2020 (both days inclusive).

Q. 4. What is the eligible criterion for availing the Scheme?

A. 4. The Scheme shall be applicable in respect of the entities who have executed trade reversals on the stock options segment of BSE during the period beginning from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.

Q. 5. What is the time period for applicability of the Scheme?

A. 5. The scheme shall be applicable for onetime settlement period which shall commence on August 01, 2020 and end on October 31,2020 (both days inclusive).

Q. 6. How can the application for the Settlement Scheme be submitted?

A. 6. In such a case, any entity which desires of making an application for one-time settlement under the Scheme can do so in the specified format, available on the SEBI website and also on the BSE website.

Q. 7. What is the fee applicable for the Scheme?

A. 7. An entity which is interested in availing the Scheme shall along with the Settlement application, also submit an application fee of Rs. 15,000 in case of individuals and Rs. 25,000 in case of body corporates

Q. 8. What shall be the mode of payment for the fee mentioned above?

A. 8. Remittance of settlement amount shall be done through online platform as available on the website of SEBI. The link for the payment has also been specified in the Public notice issued by SEBI in this regard.

Q. 9. What action will be taken, if the onetime settlement scheme is not availed?

A. 9. The entities who do not avail the onetime settlement opportunity within the prescribed period, shall be liable for action as per section 15-I of the SEBI Act, 1992.

Q. 10. Where the Scheme document can be seen?

A. 10. The Scheme document is available at the following web-site link:

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