

CONSENT TERMS

GUIDELINES

## CHAPTER I

### GENERAL GUIDELINES

- a. The settlement terms under consideration of the HPAC/Panel of WTM's *shall* consist of a monetary amount called the **Indicative Amount (IA)**, and *may* also consist of other directives. The final amount referred to as the **Settlement Amount (SA)** and directives, if any, shall be arrived at in terms of these guidelines.
- b. Except for entities treated as name lenders, the IA shall not be less than ₹2 lakhs for first time applicants or ₹ 5 lakhs for others, as the case may be. A 'first time applicant' is a person who has never obtained a settlement order from the Board as on the date of the present consent application.
- c. Based on the stage at which the proceeding(s), for which the consent application is made, is/are pending, the **proceeding conversion factor (PCF)** shall be applied when calculating the IA.
- d. In all cases, where an existing business / activity of an entity / individual is either corporatized/converted into an LLP/Partnership or merged / taken over by a new management, the existing record of the erstwhile entity shall be deemed to be the record of the new entity for determining the Regulatory Action Factor (RAF). Thus considerations such as change of name/management/ownership shall be irrelevant when determining the liability of the said entity.
- e. 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 SEBI of such default hereinafter referred to as '**intimation defaults**' and co-operate with SEBI in the investigation/inspection. It may thereafter file a consent application, upon completion of the investigation/inspection. The consent application shall be deemed to have been made 'Pre- issue of notice to show cause' for the purpose of calculating the PCF.
- f. 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 not be apportioned; rather the IA will be calculated for each applicant, 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.
- g. While considering the consent application, the alleged default(s) detailed in the Inspection Report or the Investigation Report or the Report of the DA or the show cause notice, 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 DM or the Board or the AO or the Tribunal, as applicable, shall be the basis for calculating the IA. In case, the same are contested by the applicant, the decision of HPAC/Panel of WTMs shall be final.
- h. The alleged violations or defaults shall, wherever applicable, be categorised as major, minor, serious or miscellaneous by the HPAC/Panel of WTMs. In case, the same is contested by the applicant, the decision of the HPAC/Panel of WTMs shall be final.

- i. An application for disclosure related defaults cannot be considered unless the applicant makes the required disclosure.
- j. Notwithstanding anything contained in these guidelines, the HPAC/Panel of WTMs shall have the discretion to accept or reject a consent application, to recommend/seek an amount, lower/higher than the amounts arrived at in terms of these guidelines, in accordance with the provisions of the Act, considering the facts and circumstances of the case and the gravity of the charges.
- k. 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 HPAC/Panel of WTMs may arrive at the SA, as they deem fit.
- l. 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*.

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CHAPTER II

INDICATIVE AMOUNT AND THE SETTLEMENT AMOUNT

Indicative amount (IA) shall be calculated as follows:

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

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

$$‘A’ = PCF + RAF$$

- 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 consent application; and

**‘RAF’**- Values for all orders and regulatory directions issued to the applicant.

**‘B’** - Benchmark Amount, is the amount which is attributable to the default/violation for which a notice to show cause is issued or may be issued by the WTM/AO/DM and/or the DA; determined separately for each category of default/violation and in case of multiple defaults, the total sum thereof, determined in terms of these guidelines;

- a. 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 multiplied into the applicable PCF; whichever is higher. In cases where the WTM/DM has issued directions debarring or suspending the applicant, the **RAF** shall take into account the value of **Y** (Table III) and will be multiplied into the Benchmark amount.

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

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CHAPTER III

PROCEEDING CONVERSION FACTOR

The values assigned on the basis of the stage of the proceedings, as on the date of the consent application, shall be the proceeding conversion factor (PCF) as per Table I

TABLE I

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

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.

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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, and in the present cause of action to the applicant, for which the consent application has been filed shall be 'RAF'.

**'RAF' = X + Y**

In case multiple proceedings have been initiated for the same cause of action, the value shall be added for each order passed.

**VALUE FOR ORDERS/REGULATORY DIRECTIONS ISSUED X\***

\* To also include those orders/directions which have not been stayed by the Tribunal or the Appellate Court but are the subject matter of pending proceedings, as on the date of the application.

TABLE II

<b>ORDERS AND REGULATORY DIRECTIONS ISSUED TO THE APPLICANT</b>	<b>X PER ORDER</b>
Exonerated cases i.e. cases where applicant was exonerated in an order/appeal/review	0
Consent Order	0.01
Warning	0.015
<b>ALL OTHER ORDERS</b>	
Cease and desist order	0.02
AO/WTM Orders issued against other market participants	0.05
AO/DM/WTM Order issued against registered intermediaries/ listed companies	0.075

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

TABLE III

<b>ENQUIRY PROCEEDING</b>	<b>WTM PROCEEDING</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 months	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

\*Where both enquiry and WTM proceedings are initiated, then the highest value of 'Y' is to be considered.

CHAPTER V

**BENCHMARK AMOUNT FOR FUTP DEFAULTS**

The Benchmark Amount for FUTP defaults i.e. B (FUTP), except cases of serious defaults, may be computed on the basis of the table given below.

However, the HPAC/Panel of WTM's may, in cases of serious FUTP default/violations, take the Benchmark Amount of the applicant as per the provisions of the Act (i.e. 25 crores or 3 times the profit made/loss avoided; whichever is higher) 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 /violation.

Notwithstanding the above, SEBI shall not consent 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 entity makes good the losses due to the investors to the satisfaction of SEBI.

$$\mathbf{B(FUTP) = \text{SUM OF BASE VALUES} * \times \text{APPLICABLE AMOUNT}}$$

\*WHEREVER APPLICABLE, AS PER TABLE IV.

**I - BASE VALUES**

TABLE IV

NATURE OF DEFAULT		BASE VALUE
a.	FUTP charge or charge of violation of code of conduct noted in an investigation proceeding	1.35
	Or	
	FUTP charge in combination with the charge of violation of code of conduct or any other charge under PIT or SAST Regulations	1.37
	Or	
	FUTP charge in combination with a violation of <i>SEBI Master Circular on AML, etc</i>	1.4
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 findings for the volume traded/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, as is brought out in the investigation report/SCN/order, as the case may be.
c.	Time value of illegal gains*	0.09 × no. of calendar years from the date of commission of the default
d.	Reputation risk applicable in all cases	All applicants - 0.25

\*Factor 'd' is applicable only in cases where the actual profit/loss avoided 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>

<sup>#</sup>Where the volume traded, during any trading period falls within this class, the HPAC/Panel of WTM's shall consider whether the default may be consented.

**'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>

<sup>#</sup>Where the price change during any trading period falls within this class, the HPAC/Panel of WTM's shall consider whether the default may be consented.

**‘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**

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

**#Where the price change during any trading period falls within this class, the HPAC/Panel of WTM’s shall consider whether the default may be consented.**

**II - APPLICABLE AMOUNT**

**THE APPLICABLE AMOUNT FOR AN APPLICANT =The profit made/loss avoided\* of each applicant  
Or  
The Base Amount,  
whichever is higher.**

**\*PROFIT MADE/LOSS AVOIDED MAY BE CALCULATED AFTER TAKING INTO ACCOUNT THE FOLLOWING:**

- a. 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 illegal profit made by the applicant.
- b. In cases of issue of fraudulent securities, fraudulent purchase of securities, including where funding is through circuitous route, etc, the profit made/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.
- c. In cases involving the siphoning of funds or cornering of shares/securities in an issue, the applicant’s profit made/loss avoided shall take into account the net proceeds/value of the securities or the share thereof received by the applicant.
- d. In cases involving an intermediary, the profit made/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.
- e. In cases where the purpose of the FUTP is to maintain the price, the profit made/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, etc, in the scrip in which the applicant was interested.
- f. In cases where trades have been executed after the dissemination of false information, the profit/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, a reasonable period after public dissemination of the true information.

BASE AMOUNT

AND

PARAMETERS (WHEREVER APPLICABLE) RELATING TO FUTP INCLUDING AIDING AND ABETTING FUTP/CODE OF CONDUCT RELATING TO FUTP

TABLE V

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 *
a.	Intermediaries	<p>(i) Where the entity is charged for FUTP/aiding and abetting FUTP</p> <p>₹ 15 lakhs</p> <p>Or</p> <p>1.5% of the value of the gross fraudulent trades executed through the intermediary including proprietary trades,</p> <p>whichever is higher</p> <p>(ii) Where the intermediary is charged for violation of code of conduct related to FUTP</p> <p>₹ 8 lakhs</p> <p>Or</p> <p>0.75% of the value of the gross fraudulent trades executed through the intermediary,</p> <p>whichever is higher</p> <p>(iii) In cases of enquiry proceedings/WTM proceedings, 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/decided by the HPAC/Panel of WTM's, after taking</p>

		into account the facts and circumstances of the case.
b.	Applicant charged for financing the FUTP activities	<p>₹ 15 lakhs</p> <p>Or</p> <p>15% per annum × into funds provided × period for which the funds was provided, whichever is higher</p>
c.	<p>Promoters</p> <p>Whole Time Directors/Chairman</p> <p>Other directors/Key Managerial Personnel</p>	<p>₹ 1 crore</p> <p>Or</p> <p>0.5% of the (highest) market value of its/his holdings in the company (including any convertible warrant/options)</p> <p>whichever is higher</p> <p>₹ 25 lakhs</p> <p>Or</p> <p>0.5 % of the (highest) market value of its/his holdings in the company (including any convertible warrant/options)</p> <p>whichever is higher;</p> <p>₹ 10 lakhs</p> <p>Note:</p> <p>I. In case of pre-IPO related matters, the market value will be computed on the basis of the listing price.</p> <p>II. In the case of already listed companies, the value of holdings during the period of default shall be taken.</p>

d.	Listed companies (to be borne by the promoter group/directors/ KMPs or the company or both, as the case may be)	₹ 10 lakhs  Or 0.1% of its (highest) entire market cap during the period of the default. whichever is higher
e.	Name-lender clients/front-entities/ dummy entities	To be determined for each applicant as recommended/decided by the HPAC/Panel of WTM's on the basis of the facts and circumstances of each case
f.	Key-operators	To be determined for each applicant as recommended/decided by the HPAC/Panel of WTM's on the basis of the facts and circumstances of each case.  Notwithstanding the above, in case of the key operator transferring the bulk or the whole of his share of proceeds/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/transfers made, as may be recommended/decided by the HPAC/Panel of WTM's after taking into account the facts and circumstances of the case.
g.	FII Proprietary sub-account	₹ 35 lakhs  Or 0.005% of the total assets under custody (AUC), whichever is higher
	Non-proprietary sub-accounts	₹ 20 lakhs  Or 0.005% of the total assets under custody (AUC), whichever is higher
h.	Book running lead manager/lead manager  and  other intermediaries associated with an issue or takeover	1% of the issue/takeover size (or the estimated issue size) handled by the Book running lead manager/lead manager and  0.25% for other intermediaries

i.	AMC, trustee, sponsor ( to be borne by the AMC and not to be passed on to the schemes)	₹ 25 lakhs  Or  0.001% of the total assets under management (AUM)  Or  0.1% of the net worth; whichever is higher
j.	Where none of the above are applicable to the applicant	To be determined for each applicant as recommended/decided by the HPAC/panel of WTMs on the basis of the facts and circumstances of each case

\* TO be calculated per scrip/product manipulated. In case the scrip is part of any index maintained by BSE/NSE, 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/client account by another, who operates the same as his own account. It includes an account-lender whose demat account/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 HPAC/Panel of WTM’s may be so categorised.

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**Chapter VI**

**BENCHMARK AMOUNT IN DISCLOSURE RELATED DEFAULTS UNDER SAST/PIT  
AND OTHER DISCLOSURES-REPORTING REQUIREMENTS**

The Benchmark Amount for disclosure defaults i.e. B (D) may be computed on the basis of the table provided below.

However the HPAC/Panel of WTM's, may, in cases of serious disclosure violations take the Benchmark Amount of the applicant as per the provisions of the Act (i.e. ₹ 1 crore or ₹ 1 lakh per day of the alleged default; whichever is higher) 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 /violation.

**B(D) = BASE VALUE\* X SUM OF BASE AMOUNTS**

\*WHEREVER APPLICABLE AS PER TABLE IX.

**DISCLOSURES UNDER SAST REGULATIONS - 1997/2011\***

\*AS THE CASE MAY BE

**BASE AMOUNT**

TABLE VI

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

\* In case of defaults related to continual disclosures that are required to be made annually, and application is filed for a continuous cycle of disclosure defaults, the default amount shall be

added for each non-disclosure. However the additional default amount for delay shall be computed only for the first non-disclosure.

#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%.

**TRANSACTION SPECIFIC DISCLOSURES UNDER  
13(1) AND 13(6) OF PIT REGULATIONS 1992,**

**BASE AMOUNT**

TABLE VII

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

\*In cases of disclosures not made by the connected persons as defined under the PIT Regulations and by the KMPs as defined under the ICDR Regulations, the Base Amount may be increased by 25%.

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

**OTHER DISCLOSURES – REPORTING REQUIREMENTS**

**B(D) = BASE VALUE X SUM OF BASE AMOUNT**

**BASE AMOUNT**

**TABLE VIII**

<b><u>NATURE OF DEFAULT</u></b>	<b><u>DEFAULT AMOUNT</u></b>
<b>TYPE OF NON-DISCLOSURE</b>	
<b><u>PIT Regulations</u></b>	
Periodical and other disclosures	₹ 3 lakhs
	₹ 5,000/- for every three months delay or part thereof
<b><u>SAST Regulations</u></b>	
Reporting requirements or disclosures for which exemptions are available	₹ 2 lakhs
	₹ 10,000/- for every three months delay or part thereof
<b><u>FII Regulations</u></b>	
Failure to provide information	₹ 20 lakhs per default
Intimation of material changes	₹ 5 lakhs per default
<b><u>Other Regulations</u></b>	
Code of conduct reporting requirements or	₹ 2 lakhs
Disclosures on appointment of director or	₹ 10,000/- for every three months delay or part thereof
Any other disclosure related defaults that are not detailed in these tables	

**BASE VALUE**

**TABLE IX**

NATURE OF DEFAULT		BASE VALUE
a)	Per se SAST regulation 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 sub regulation of SAST /listing agreement	0.55
e)	Companies with paid-up share capital below 10 crores	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.

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

The Benchmark amount for open offer defaults i.e. B (D-O) may be computed on the basis of the table provided below.

However the HPAC/Panel of WTM's, may, in cases of serious open offer default/violations, take the Benchmark Amount of the applicant as per the provisions of the Act (i.e. ₹ 25 crore or 3 times the profit made/loss avoided out of such defaults; whichever is higher) 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 /violation.

**B(D-O) = SUM OF BASE VALUES × BASE AMOUNT**

**BASE AMOUNT**

**TABLE X**

NATURE OF DEFAULT	BASE AMOUNT FOR ACQUIRER AND PACS
Delayed open offer	₹ 25 lakhs or 0.25% of the open offer size, i.e. no of shares acquired x value of the shares acquired, whichever is higher.
Cases of open offer defaults referred for adjudication	
Delayed open offer (after direction from the Board)	₹ 50 lakhs or 0.5% of the open offer size; i.e. i.e. no of shares acquired x value of the shares acquired, whichever is higher .
Where open offer though required to be made is infructuous i.e. when company has been delisted, etc	To be determined for each applicant as recommended/decided by the HPAC/Panel of WTMs on the basis of the facts and circumstances of each case

**BASE VALUES**

**TABLE XI**

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

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 and regulated entities i.e. B(I/RE) may be computed on the basis of the table provided below.

However the HPAC/Panel of WTM's may in cases of serious violations take the Benchmark Amount of the applicant as per the provisions of the Act (i.e. ₹ 1 crore or ₹ 1 lakh per day of the alleged default; whichever is higher) 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 /violation.

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

\*Not applicable where the default is related to FUTP.

**BASE AMOUNT \***

\*Not applicable in CIS/AMC related cases where the proposed remedy may be disgorgement and winding up of the scheme.

**TABLE XII**

NATURE OF DEFAULT	BASE AMOUNT	
	MINOR CASES	MAJOR CASES <sup>#</sup>
Code of conduct related defaults (except those provided in Table V)	₹ 1 lakh per default	₹ 8 lakhs per default
Section 15B		
Section 15F & other stock-broker defaults vis-à-vis clients		
Delay in redressing investor grievances*		

Section 15D & 15E - CIS/AMC defaults, including conduct related defaults	₹ 2 lakhs per default or 0.001% of the AUM or 0.1% of the net worth, whichever is higher	₹ 20 lakhs per default or 0.001% of the AUM or 0.1% of the net worth whichever is higher
Other defaults not provided elsewhere in these guidelines	₹ 1 lakh per default	₹ 8 lakhs per default

\* The HPAC/Panel of WTM's 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 lakhs or a lesser amount.

# In cases of enquiry proceedings/WTM proceedings, 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/decided by the HPAC/Panel of WTM's, after taking into account the facts and circumstances of the case.

**CLARIFICATIONS:**

- In case of CIS related defaults, the consent amount shall be recovered from the promoter/CIMC; and from trustees/sponsors/AMC in case of defaults by AMCs/MF defaults, as may be deemed appropriate.
- In case the CIS/AMC investment decisions have caused wrongful loss to the unit holders, the CIS/AMC shall be required to make good such loss, to the unit holders. In case, the same is not possible, the amount shall be deposited in the Investor Education & Protection Fund of SEBI.
- Conduct related defaults are consentable only if the applicant has rectified its conduct and the investor grievances have been redressed to the satisfaction of SEBI.

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## CHAPTER VII

### DIRECTIVES IN CONSENT ORDERS

In order to ensure a more effective regulatory regime; wherever necessary, directives may also be included in the consent orders, some of which are specified below:-

- a. In cases where it is possible to identify the investors who have incurred losses on account of the actions/inaction of the applicant, a direction in the nature of disgorgement;
- b. In case of registered intermediaries/ major defaults, debarring certain individuals from acting as officer or director of a company that has a class of securities regulated by SEBI, for specified periods. In case of other market participants; debarring them from operating in the market for specified periods;
- c. Surrender of the certificate of registration, in case of intermediaries and directing other entities not to further engage in specified operations;
- d. Cancellation of securities and reduction in share holding where the securities are issued fraudulently including bonus shares received, if any, re-imburement of any dividends received, etc;
- e. Voluntary lock-in of securities, suspension or debarment;
- f. Directing the intermediaries to implement enhanced policies and procedures to prevent future securities laws violations as well as directing them to appoint/retain an independent consultant to review its policies and procedures;
- g. Directing the intermediaries to ensure enhanced training and education of its employees;
- h. Directions relating to internal audit and reporting requirements.
- i. Any other directions that may be issued by the Board under the securities laws in the interest of the investors.

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