
# KEY DECISIONS TAKEN IN THE SEBI BOARD MEETING DATED SEPTEMBER 24, 2026

## BACKGROUND

The Securities and Exchange Board of India (**SEBI**), at its 215th Board meeting held on September 24, 2026, approved, among other measures, changes to the settlement framework, call-recording requirements for research analysts, listing requirements for non-convertible debt securities and investor protection under the alternative investment fund regulations. The Board was also informed of a settlement scheme for certain trades in illiquid stock options. The key decisions are summarised below.

## KEY REGULATORY CHANGES

- **Review of Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018**

The Board approved the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026, (**Settlement Regulations, 2026**), which will replace the SEBI (Settlement Proceedings) Regulations, 2018, and come into force on the day succeeding the 30th day from their notification. The key changes include:

- ***Settlement terms:*** These will comprise the settlement amount, disgorgement of wrongful gains, if applicable, and remedial and regulatory terms (**RRT**), if applicable.
- ***Settlement amount:*** This will be calculated as Base Amount × (S + R + G + A − M) + Legal Costs. The base amount is linked to the minimum penalty and the type of applicant; the factors account for the stage of proceedings, regulatory action, gravity, and aggravating and mitigating circumstances. Quantified wrongful gains, loss avoided or loss caused to investors will be disgorged separately.
- ***Application windows:*** SEBI will issue a settlement notice before a show cause notice, allowing 60 days to apply, except where prosecution or an interim order is contemplated. The period to apply for filing the settlement application after service of a show cause notice will increase from 60 to 90 days.
- ***Fast-track settlement:*** A fast-track route will apply where the settlement amount does not exceed ₹10 lakh or for specified violations, including disclosure violations. Cases meeting the monetary threshold will proceed directly from the Internal Committee to the Panel of Whole Time Members. For the violation-based route, SEBI will state the payable amount in a notice, following which a settlement order will be passed upon payment.
- ***Further opportunities to settle***: A one-time 90-day window from commencement will be available for specified proceedings still pending before SEBI, including where an earlier application was rejected, withdrawn or returned, subject to an additional 20% settlement amount. A previously rejected application may also be considered at the appellate stage if the grounds for rejection no longer apply, subject to the same additional amount.
- ***Scope and interest:*** RRT will ordinarily not apply to settlement of adjudication proceedings, although quantified amounts must be disgorged and disclosures may be required. Cases involving misrepresentation of financial statements or diversion of funds may be settled subject to appropriate RRT. Interest on disgorgement will be 9% per annum from the violation until the application is filed for

proceedings pending before SEBI; in other matters, it will be 9% until the final order and 12% thereafter until filing. Interest will not be charged on interest.

- **Call records of institutional clients by Research Analysts / Research Entities**

The Board approved a proposal to amend the SEBI (Research Analysts) Regulations, 2014 to relax the requirement for research analysts and research entities to maintain call recordings of communications with clients who are institutional investors. The measure is expected to facilitate ease of doing business and reduce their recordkeeping obligations.

- **Listing of outstanding unlisted NCDs**

The Board approved an amendment to Regulation 62A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Currently, an issuer listing non-convertible debt securities (**NCDs**) for the first time must also list all its outstanding unlisted NCDs issued on or after January 01, 2024, within three months of the new listing. The amendment removes this requirement, so that only prospective issuances of NCDs will need to be listed. SEBI noted that listing already subscribed issues imposes operational challenges and costs on issuers and expects the change to encourage new issuers to list debt securities.

- **Investor protection across all forms of AIFs**

The Board approved a proposal to amend the SEBI (Alternative Investment Funds) Regulations, 2012 to extend a protection currently available to investors in Alternative Investment Funds (**AIFs**) constituted as trusts to investors in all forms of AIFs. Under the existing protection, the fund manager or its officers cannot use trust assets to pay their own losses, damages or expenses, including the costs of resolving investor disputes. This protection will apply irrespective of the form in which an AIF is set up.

- **Settlement Scheme, 2026 for illiquid stock options**

  - SEBI is introducing another settlement opportunity for entities involved in non-genuine trades in BSE’s stock options segment between April 01, 2014, and September 30, 2015. It will be available to eligible entities whose related proceedings remain pending before an Adjudicating Officer, the Securities Appellate Tribunal, Hon’ble Courts or a Recovery Officer.
  - The settlement amount will be ₹1,44,000 for 1 to 5 contracts and ₹2,88,000 for 6 to 50 contracts. For 51 or more contracts, it will be ₹7,20,000 plus ₹14,400 per contract; an entity with 51 contracts would therefore pay ₹14,54,400.
  - This is SEBI’s fourth scheme for these matters. It was approved by SEBI’s competent authority following the recommendation of the High-Power Advisory Committee and placed before the Board for information. SEBI will announce the application procedure in due course.

**ELP Comments**

*The decisions taken at SEBI’s Board meeting reflect a focus on easing compliance and access to the listed debt market while strengthening investor protection and expanding opportunities to settle enforcement proceedings. The revised settlement framework introduces an opportunity to apply before issuance of a show cause notice. Further, the longer limitation period for filing a settlement application, i.e. 90 days is a welcome move. It also provides a one-time window for certain pending matters. Its prescribed calculation factors may make settlement amounts more predictable, although parties will need to account for separately payable disgorgement, interest and any applicable additional amount. The relaxation of call-recording requirements should reduce the recordkeeping burden for research analysts serving institutional investors, while the amendment to Regulation 62A may encourage first-time debt issuers to list NCDs. Extending the restriction* *on the use of AIF assets across legal forms brings a consistent level of protection to investors irrespective of how the fund is constituted. Market participants should examine the notified amendments and the forthcoming application modalities for the illiquid stock options scheme to determine the steps relevant to them.*

Please find the copy of the Press Release here.

We hope you have found this information useful. For any queries/clarifications, please write to us at insights@elp-in.com or write to our authors:

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