

**CIRCULAR**

**SEBI/HO/MRD/POD-III/CIR/P/2025/112**

**August 05, 2025**

**To**

**All Recognized Stock Exchanges**

**All Recognized Clearing Corporations**

**All Depositories**

Sir/Madam,

**Subject: Review, Appeal or Waiver of penalty requests emanating out of actions taken by the Member Committee**

1. The Terms of Reference (ToR) of Statutory Committees of Stock Exchanges, Clearing Corporations and Depositories (collectively referred as Market Infrastructure Institutions (MIIs)) have been prescribed under Paragraph 2.2.2 of Chapter 6 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024 for “Stock Exchanges and Clearing Corporations” and under Paragraph 4.66(B) of Section-4 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/168 dated December 03, 2024 for “Depositories”.
2. One of the ToR of Member Committee (MC) of MIIs on Regulatory Actions states that:  
  
*“Any review, appeal or waiver of penalty filed shall be placed before MC for its consideration.”*
3. In order to further streamline the mechanism for handling of requests for review, appeal or waiver of penalty, based on feedback received from MIIs and deliberations in the

Secondary Market Advisory Committee of SEBI (SMAC), the provision at Paragraph 2 above stands modified as under:

- 3.1. Any request for review, appeal or waiver of penalty filed against actions taken by the Internal Committee (IC) of the Member Committee (MC), or against actions taken by the MII as per pre-approved policy on regulatory action shall be placed before the MC for its consideration.
- 3.2. Any request for review, appeal or waiver of penalty filed against actions taken by the MC from the date of implementation of this circular shall be handled by a mechanism setup by the Governing Board of the MII with Public Interest Directors and/or Independent External Professionals not forming part of the MC. The Governing Board shall issue the Standard Operating Procedure (SOP) with regard to handling of such review, appeal or waiver of penalty requests, if any, emanating out of actions taken by the MC.
- 3.3. For further appeal against the decisions emanating out of the appeal mechanism of the MII, the members or participants would be free to approach appropriate authority based on the applicable laws.
4. **Applicability:** The provisions of the circular shall be applicable from the **45<sup>th</sup> day** of issuance of the circular.
5. All MIIs are advised to:
  - 5.1. take necessary steps and put in place necessary systems for implementation of the above.
  - 5.2. make necessary amendments to the relevant byelaws, rules and regulations, wherever required, for the implementation of the above; and.
  - 5.3. bring the provisions of this circular to the notice of the market participants (including investors) and disseminate the same on their website.

6. This circular is issued in exercise of the powers conferred under section 11(1) of the Securities and Exchange Board of India Act 1992 read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and section 26(3) of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) at “Legal Framework - Circulars.”

Yours faithfully,

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