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## SEBI Issues New Guidelines for Reviewing Penalty Waiver Requests by Market Institutions

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The Securities and Exchange Board of India (SEBI) has released new guidelines for Market Infrastructure Institutions (MIIs), including stock exchanges, clearing corporations, and depositories, to standardize how they handle requests related to penalty waivers, appeals, and reviews.

According to the latest circular, SEBI has mandated a clearer and more structured approach to evaluating such requests. If a penalty has been imposed by an internal committee of an MII or under a pre-approved policy, the Member Committee (MC) of the MII will continue to handle review or waiver appeals.

However, in cases where the Member Committee itself has imposed the penalty, a separate independent body must now be constituted to review the request. This new committee must include public interest directors and independent external professionals who are not part of the MC. The objective is to ensure neutrality and avoid any conflict of interest during the appeals process.

SEBI has also directed all MIIs to establish a formal Standard Operating Procedure (SOP) for handling these cases. The SOP must be comprehensive and cover timelines, decision-making processes, and communication with the concerned entities. MIIs are required to publish their SOPs on their official websites for transparency.

The new framework will come into effect 45 days from the date of issuance of the circular. SEBI has clarified that entities dissatisfied with the decision of the MII or the new committee can approach appropriate legal forums in accordance with the law.

The move is part of SEBI's broader efforts to improve governance and accountability across capital market institutions. It also seeks to enhance stakeholder confidence by making internal procedures more transparent and impartial.

Market experts view the move as a step toward reducing ambiguity in how appeals are managed and ensuring that decisions are subject to proper checks and balances.