भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

प्रेस विज्ञप्ति
PRESS RELEASE

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PR No.66/2025

Ease of doing business – Rationalisation and standardisation of penalties levied on stock brokers by stock exchanges

In a significant step towards enhancing ease of doing business for stock brokers, it has been decided to rationalize and standardise the penalty framework for levying penalties on stock brokers by stock exchanges.

In the current penalty framework, penalties for similar observations may differ across exchanges, and in some cases, brokers having membership with multiple exchanges may face multiple penalties for the same observation. The term ‘penalty’ is generally associated with stigma. Using the term ‘penalty’ for procedural lapses/technical errors creates unintended perception/reputational risk for entities.

To address these issues through a consultative approach, SEBI constituted a Working Group (WG) comprising representatives from exchanges and broker associations to review the existing penalty framework. As per recommendations of the WG and subsequent deliberations, the revised penalty framework has been issued by the stock exchanges in consultation with SEBI on October 10, 2025.

The revised penalty framework aims to:

- remove inconsistencies in the nature and quantum of penalties across exchanges for the same type of observation;
- avoid imposition of penalty by multiple exchanges by ensuring that penalties will be levied by a lead exchange only for violations common across exchanges;
- adopt the terminology ‘financial disincentive’ in place of ‘penalty’ for procedural lapses/technical errors to avoid unnecessary reputational impact on stock brokers;

- rationalise certain penalties (which are actually in the nature of penalty) by way of replacing the monetary penalty with advisory/warning for first instance;
- reduce the amount of penalty and cap the maximum amount of penalty for certain violations.

In the first phase**,** total 235 existing penalty items have been reviewed, details of which are as follows:

a) Penalties have been removed on 40 violations.
b) Penalty for 105 minor procedural lapses has been termed as 'financial disincentive'. Accordingly, penalties remain only for 90 violations, which have been rationalized as follows:

Penalty rationalized	36
Advisory/warning in place of penalty for first	7
Introduction of capping	6
No change	29
New penalties Introduced	12
Total	**90**

The revised penalty framework shall also be made applicable to ongoing enforcement proceedings providing major relief to stock broking community. The rationalised penalty framework shall facilitate ease of doing business and ease of compliance for stock brokers.

Samuhik Prativedan Manch (SPM)

Samuhik Prativedan Manch is a technology based common reporting mechanism which enables filing of common report at one stock exchange instead of at multiple exchanges. This common reporting across stock exchanges has been implemented with effect from August 01, 2025 in order to reduce the compliance cost for stock brokers. In the first phase, submission of 40 compliance reports was operationalised. As an additional measure of ease of doing business, the second phase would be implemented from October 15, 2025 with operationalisation of 30 additional compliance reports.

Mumbai
October 10, 2025