

SECURITIES AND EXCHANGE BOARD OF INDIA (GRANT OF REWARD TO INFORMANT UNDER RECOVERY PROCEEDINGS) GUIDELINES, 2023

In exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India hereby makes the following Guidelines to regulate the grant and payment of reward to an informant who provides credible information about the assets of the defaulter under recovery proceedings:

1. Short Title and Commencement.

- i. These Guidelines shall be called as the Securities and Exchange Board of India (Grant of Reward to Informant under Recovery Proceedings) Guidelines, 2023.
- ii. These Guidelines shall come into force with immediate effect.

2. Definition.

- i. In these Guidelines, unless the context otherwise requires, the words and expressions used shall have the meanings assigned to them as under:
 - (a) "Board" means the Securities and Exchange Board of India;
 - (b) "defaulter" means an entity against whom recovery proceedings are initiated under section 28A of the Securities and Exchange Board of India Act, 1992, section 23JB of the Securities Contracts (Regulation) Act, 1956 or section 19-IB of the Depositories Act, 1996;
 - (c) "Informant" means an individual who voluntarily furnishes Original Information to the Board in accordance with these Guidelines and as per the specified **Form A** annexed hereto;
 - (d) "Informant Reward Committee" means the Committee constituted as per paragraph 11 of these Guidelines;
 - (e) "Investor Protection and Education Fund" means the Investor Protection and Education Fund established by the Board under sub-section (5) of section 11 of the Securities and Exchange Board of India Act, 1992;
 - (f) "Original Information" means information about the asset of a defaulter whose name is published on the SEBI website where his liability is certified as 'Difficult to Recover' dues based on the parameters given in paragraph 3 of these Guidelines, that is:
 - (i) not known to the Board from any other source, except where the Informant is the original source of the information;

- (ii) is sufficiently specific and credible to identify and attach the asset of such defaulter.
- (g) “reserve price” means the price fixed by a Recovery Officer below which the asset shall not be sold;
- (h) “securities laws” means the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), the relevant provisions of any other law to the extent it is administered by the Board and the relevant rules and regulations made thereunder.
- ii. Words and expressions used but not defined in these Guidelines but defined in securities laws, shall have the same meanings respectively assigned to them in those laws or any statutory modification or re-enactment thereto.

3. Applicability and Scope.

These Guidelines shall regulate the grant and payment of reward to an informant who provides Original Information about the asset of a defaulter and such information results in the collection of outstanding dues which could not be recovered despite all possible efforts and such dues were certified as ‘Difficult to Recover’ on any one of the following parameters:

(I) In case the defaulter is an individual -

- (a) defaulter is alive but has no attachable assets;
- (b) defaulter is not traceable;
- (c) defaulter has become insolvent; or
- (d) defaulter has died leaving behind no assets.

(II) In case the defaulter is a company / body corporate / firm—

- i. An Indian entity- which is defunct and whose directors (if such directors are also defaulters along with company jointly or severally) have no attachable assets;
- ii. A foreign entity-
 - (a) which has no presence/ place of business/ management in India;
 - (b) who has no representative in India;
 - (c) who has no attachable assets in India.

4. Informant eligible for reward.

A person shall be considered to be an informant eligible for reward in accordance with these Guidelines if he furnishes Original Information in relation to the asset of a defaulter(s) concerning the dues which are certified as 'Difficult to Recover'.

The claim of reward shall be confined to cases where recovery of dues could be made in pursuance of the information so provided by the Informant. The information provided must be supported by facts/ documents and should be specific and actionable.

5. Submission of Information

The information shall be submitted by the informant in the format specified in **Form A** of these Guidelines along with a statement/ declaration in the format specified in **Form B** to a Recovery Officer designated as the Nodal Officer for the purpose, in a sealed envelope superscribing -'Information for grant of reward under Recovery Proceedings" or at the designated email ID (as and when specified from time to time) or by online submission at the SEBI Intermediaries Portal (<https://siportal.sebi.gov.in/>)

6. Examination of Information.

- i. Upon receipt of Original Information, the Nodal Officer shall verify the comprehensiveness of the details so provided. If the details are complete in the specified formats, the Nodal Officer shall enter or cause to be entered the information into the register kept for the said purpose. In case the details are not submitted in the specified forms or information is incomplete, the Nodal Officer shall within one week's time from receipt of such incomplete details, advise the informant to furnish the complete details as specified. Upon receipt of complete details and entering the same into the register, the Nodal Officer shall forward within a week of the information so received along with documents / forms to the Recovery Officer having jurisdiction.
- ii. Upon receipt of complete information by the Recovery Officer having jurisdiction in the case, the same shall be examined further to decide the nature of actionable information. The informant shall provide further documents / information or render assistance, if any, required by the Recovery Officer to the Nodal Officer or to the Recovery officer directly. The Original Information along with documents shall be kept in the safe custody by such Officer as required by the Recovery Officer having

jurisdiction in the case.

- iii. Where Original Information is furnished by informant in the expectation of a reward, the informant shall be required to appear before the Nodal Officer or the Recovery Officer or the Recovery Officer posted at a Regional Office, at the option of the informant as and when called upon to sign the Forms A and B again for the purpose of ascertaining his / her identity and veracity of the information so provided. No reward shall be admissible if the informant refuses to appear or refuses to provide required information/ documents, etc.

7. Undertaking by the Informant.

When an informant furnishes any information or documents in the expectation of a reward, following written undertaking shall be taken from him which shall be part of **Form-B: -**

- a) That he is aware that the information or documents furnished by him does not ipso facto confer on him the right to any reward and that he shall be bound by the decision of the competent authority of the Board in this regard.
- b) That he is aware that the extent of reward depends on the precision of the information and usefulness of the documents furnished by him;
- c) That he shall provide further documents / information or render assistance, if any, as and when required;
- d) That the reward would pertain only to the dues recovered/realized which are directly attributable to the information supplied by him;
- e) That the provisions of section 182 of the Indian Penal Code, 1860 have been read by him or explained to him and he is aware that if the information furnished by him is false and is intended to cause harm / injury to any other person directly or indirectly, then, he would be liable to prosecution;
- f) That he accepts that the Board is under no obligation to enter into any correspondence regarding the details of any dues realized as a result of his information; and
- g) That he accepts that the payment of reward is ex-gratia at the discretion of the authority competent to grant rewards and he has no right to challenge the correctness of the decision in any court of law.

8. Reward Amount.

The reward under these Guidelines may be granted in two stages, namely, Interim and Final. The Interim reward amount shall not exceed two and a half per-cent of the reserve price of the asset regarding which information was furnished or Rs. 5,00,000 (Rupees five lakh only), whichever is less.

Final reward amount shall not exceed ten per-cent of the dues recovered and recovery of which is directly attributable to the Original Information supplied by the informant or Rs. 20,00,000/- (Rupees twenty lakh only), whichever is less or such higher amount as approved by the Board from time to time.

9. Stage of Reward

Any proposal / recommendation and approval for Interim reward may be made only if the asset regarding which information was furnished is found to be unencumbered and reserve price of the same is fixed after attachment.

Any proposal / recommendation and approval for Final reward may be made after recovery of dues has been completed with respect to the asset for which information was received.

10. Reward as Ex-gratia payment

- i. Reward in accordance with these Guidelines is discretionary and shall be in the nature of ex-gratia payment subject to these Guidelines and shall be granted at the discretion of the authority competent to grant reward. The decision of Competent Authority on such claim shall not be subject to challenge before any Court of law by the informant or any other person on his behalf.
- ii. The reward under these Guidelines shall not be assigned to any other person by the informant. The Competent Authority may however grant reward to heirs or nominees of an informant in the event of his death before payment of the reward.

11. Constitution and Functions of Informant Reward Committee

- i. For the purpose of recommending the eligibility of reward and the amount thereof, there shall be constituted an Informant Reward Committee comprising the Chief General Manager of Recovery and Refund Department, the concerned Recovery Officer having jurisdiction in the matter, another Recovery Officer nominated by the Chief General Manager of Recovery and Refund Department and an officer in the

grade of Deputy General Manager or higher, of the Office of Investor Assistance and Education nominated by the Chief General Manager in charge of Investor Protection and Education Fund;

- ii. The Informant Reward Committee shall give its recommendations to the Competent Authority on the following matters:
 - (a) eligibility of Informant for reward;
 - (b) determination of amount of reward payable to Informant.

12. Competent Authority to Grant Reward.

The Executive Director in-charge of the Recovery and Refund Department shall be the Competent Authority to grant the reward by passing an order in this regard. The Competent Authority shall pass the order based on the recommendation made by the Informant Reward Committee.

13. Circumstances for determining the Amount of Reward.

In recommending the reward amount, the Informant Reward Committee shall consider the following:

- a) The accuracy of the information given by the informant;
- b) The extent and nature of the assistance rendered by the informant;
- c) The risk and trouble undertaken and the expense incurred by the informant in securing and furnishing the information / documents;
- d) The quantum of work involved in utilizing the information; and
- e) The quantum of dues recovered which is directly attributable to the information and documents supplied by the informant.

14. Prohibition of Reward in Certain Cases.

No reward shall be granted if-

- i. The informant is a Government servant who furnishes information or evidence obtained by him in the course of his normal duties as a Government Servant;

Explanation. A person employed as an employee by the Central or any State or any Union Territory Government or Statutory Authority or Nationalized Bank or any local authority or any public sector undertaking, corporation, body, corporate or establishment, set up or owned by the Central Government or any State

Government or any Union Territory Administration shall be deemed to be a Government Servant for the purposes of this paragraph; or

- ii. The informant is required by law to disclose the information; or
- iii. The informant has access to the information on the basis of a contract with the Board; or
- iv. Information has already been provided by any other informant.

15. Information to be held in confidence.

The information and the identity provided by the informant or the reward paid to him shall be held in confidence.

16. Maintenance of records and communication.

- i. The Nodal Officer shall maintain the record of each informant, the details of cases in which he has furnished information, extent to which information has been found reliable and useful, the reward, if any, paid to the informant in the past, etc.
- ii. The outcome of rejection or approval of information or amount of reward, if any, shall be recorded by the Nodal Officer in the register kept for this purpose.
- iii. A communication, if found necessary, may be made by the Nodal Officer to the informant acknowledging the suitability of information so provided or intimation of rejection of his information with brief reasons thereto or reward if any to be paid etc.

17. Reward.

The amount of reward granted to the informant under these Guidelines shall be paid from the Investor Protection and Education Fund.

Issued on March 8, 2023

FORM -A

Form of Statement provided by the Informant for furnishing Information

Sr. No.	Particulars	Details
1.	Full Name of the Informant (separately for each informant if there are more than one informant) in capital letters)	
2.	Father's Name	
3.	Date of Birth	
4.	Permanent Address of the Informant along with a copy of Proof	
5.	Current Address of the Informant (if different from Permanent Address) along with a copy of Proof	
6.	Landline Phone No.	
7.	Mobile No.	
8.	E-mail ID	
9.	ID proof issued by any Govt. Agencies viz. Passport / Voter ID Card etc. along with copy of proof	
10.	PAN Card Number and Copy of the PAN Card	
11.	Job Description of the Informant	
12.	Name and address of Defaulter in respect of whom the information is furnished	
14.	Full particulars of nature and extent of assets of the Defaulter	
15.	Particulars and List of documents / Information furnished, if any	
	(a) In original	
	(b) Copy only	
16.	Source of Information:	

	(a) Whether the information has been acquired personally in the capacity of an employee or partner or relative of the Defaulter	
	(b) Whether information has been acquired through some other person.	
18.	Briefly state (attach evidence, if any)	
	a. How you have come to know about the information	
	b. Special efforts, if any, made	
	c. Risks and trouble undertaken	
	d. Expenditure, if any, incurred	
19.	Information earlier provided under these Guidelines, if yes, then details of the same	
20.	Whether any reward is expected by the Informant (Yes/No)	
21.	Particulars of Bank account in which payment of reward is to be made (Bank Account No., Bank Name, Branch, IFSC Code, Beneficiary Name, etc.)	

Date:

Signature of the Informant(s)

Place:

ID Proof (Copy Attached):

FORM – B

STATEMENT / DECLARATION

I/we declare that,

- a. I/we have read and understood the SEBI (Grant of Rewards to Informant under Recovery Proceedings) Guidelines, 2023.
- b. I/we accept that mere furnishing of information does not by itself confer on me/us right to get reward. I/we would be bound by the decisions that the authority competent to grant reward may take.
- c. I / we accept that the extent of the reward depends on the precision of the information and usefulness of the documents so furnished.
- d. That the reward would pertain only to the dues recovered/realized which are directly attributable to the information supplied.
- e. That I / we shall provide further documents / information or render assistance, if any, required
- f. I/we accept that the SEBI is under no obligation to enter into any correspondence regarding the action taken as a result of my/our information. I/we will be entitled to know only the update about whether information has been acted upon and, if yes, whether I am/we are likely to get any reward.
- g. I/we accept that reward would be an ex-gratia payment which is subject to the Guidelines and shall be granted at the discretion of the competent authority. The decision of the authority shall be acceptable to me/us and I/we shall not challenge the same before any forum / court etc.
- h. I / we accept to appear before the Nodal Officer / the Recovery Officer (strike off what is not applicable) for the purpose of ascertaining my / our identity or veracity of the information so provided.
- i. I/we accept that if the information furnished by me/us is found to be false I/we would be liable to action as per the extant law viz. section 182 of the Indian Penal Code.
- j. In the event of my death before the reward is paid to me/us, it may be paid to my/our nominee(s) whose particulars are as under: -

Name of Nominee	Permanent Address	Percentage of Reward (if more than one Nominee)

Date:

Signature of the Informant(s)

Place:

ID Proof (Attach Copy):

[Note: If the information is given jointly by more than one informant, the particulars of all such informants are to be captured and this declaration is to be signed by all such informants.]

Signature of the SEBI Officer before whom the statement / declaration is signed

Name & Designation of the Officer

Date:

Place: