

Business Standard

Sebi offers settlement window to stock brokers in algo trading case

Sebi announces a settlement window for brokers linked with unauthorised algo platforms promising assured returns; applications open from June 16

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Sebi has not disclosed the settlement amount at this stage. | Photo: Bloomberg

The Securities and Exchange Board of India (Sebi) on Monday announced a settlement scheme for stock brokers associated with certain algorithmic trading (algo) platforms that were found to be in violation of regulatory norms.

The matter pertains to regulatory scrutiny faced by over 100 brokers for their association with algo platforms that allegedly promised guaranteed returns.

It was alleged that the brokers had allowed the application programming interfaces (APIs) of algo provider TradeTron — which claimed to offer assured returns — to be used by their clients.

Under the newly announced scheme, such brokers will be able to settle and conclude the proceedings initiated by Sebi. The application window for the settlement scheme

will be open from June 16 until September 2025.

“The scheme would provide a settlement opportunity to such stock brokers associated with certain algo platforms, against whom proceedings have been initiated by Sebi and are pending before any authority or forum — viz., the Adjudicating Officer, the Securities Appellate Tribunal, or courts,” Sebi said in a public notice.

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However, brokers who choose not to avail of the scheme will continue to face the regulatory proceedings initiated against them.

Sebi has not disclosed the settlement amount at this stage. A source earlier indicated that the amount could be uniform across brokers, at ₹1 lakh each. Further details regarding the settlement terms will be announced by Sebi on June 16.

The episode prompted the market regulator to tighten its framework around retail algo trading. Sebi has since overhauled the regulatory architecture, mandating empanelment of algo providers and clearly defining the responsibilities of brokers and stock exchanges in monitoring and supervising such platforms.

First Published: Jun 09 2025 | 7:16 PM IST

Page URL :https://www.business-standard.com/markets/news/sebi-launches-settlement-scheme-for-brokers-in-algo-platform-case-125060901033_1.html