

**BEFORE THE APPELLATE AUTHORITY
(Under the Right to Information Act, 2005)
SECURITIES AND EXCHANGE BOARD OF INDIA**

Appeal No. 5146 of 2022

Parveen Kumar Aggarwal	:	Appellant
	Vs	
CPIO, SEBI, Mumbai	:	Respondent

ORDER

1. The appellant had filed an application dated May 20, 2022 (received by the respondent through RTI MIS Portal) under the Right to Information Act, 2005 (“**RTI Act**”). The respondent, by a letter dated June 16, 2022 responded to the application filed by the appellant. The appellant filed an appeal dated June 20, 2022, against the said response dated June 16, 2022. I have carefully considered the application, the response and the appeal and find that the matter can be decided based on the material available on record.
2. **Queries in the application** –The appellant, vide his application dated May 20, 2022, sought the following information:

“Please provide the copy of report/recommendations/suggestions of Secondary Market Advisory Committee (SMAC) based on which Securities and Exchange Board of India (SEBI) decided to review the mechanism of dividend adjustment for stock options. Please provide the representations/suggestions received by Securities and Exchange Board of India (SEBI) from various stakeholders requesting to review the dividend adjustment framework for stock options. Please provide the suggestions which were examined by Securities and Exchange Board of India and placed before the Secondary Market Advisory Committee (SMAC) for deliberations. Please provide the report/recommendations/suggestions on the basis of which SEBI reviewed the mechanism of adjustment in strike price in case of dividends declared at and above 10% of the market value of the underlying stock and reduced the percentage to 5% in the same.”

3. The respondent, in response to the aforesaid queries, informed that the said information is exempt from disclosure under section 8(1)(a) of the RTI Act as the same is strategic in nature, disclosure of which may hamper the decision-making by SEBI in their supervisory and regulatory role. The respondent also

informed that the disclosure of such strategic and confidential information may also affect and compromise the interest of the securities market in specific and may impact the economic interests of the country.

4. **Ground of appeal-** The appellant has filed the appeal on the ground that access to the requested information was refused. The appellant, in his appeal, *inter alia*, submitted that the requested information was refused without any reasonable cause and such denial is bad, misconceived and liable to be set aside.
5. I have perused the queries and the response provided thereto. I note that SEBI, being the regulator of securities market issues various circulars/ guidelines etc. for regulating activities in securities market. SEBI also revisits the prevailing procedures/ systems, *inter alia*, for improving the same or for dealing with emergent situations. In this process, SEBI may seek comments from the public and experts on issues under its consideration. Inputs received, deliberations conducted and identity of persons involved in the process of formulation of the circulars/guidelines are strategic and confidential in nature and disclosure of the same may compromise the ability of SEBI in obtaining relevant information/ inputs in future. Further, disclosure of such information may also expose strategies or actions contemplated by SEBI in future, which are strategic in nature and thus would have an impact on the decision making of SEBI in their supervisory and regulatory role. In this context, it is observed that the Hon'ble CIC in matter of *Shri Ravi Ramaiya vs. SEBI (Decision dated September 11, 2015)* accepted the contention of SEBI that information received in confidence as part of regulatory process, which is strategic in nature and held in fiduciary capacity is exempt from disclosure under RTI Act, as the same may compromise the regulatory functions of SEBI. I also note that in *ICAI v. Shaunak H. Satya*, [(2011) 8 SCC 781] the Hon'ble Supreme Court has held that: - "*We however agree that it is necessary to make a distinction in regard to information intended to bring transparency, to improve accountability and to reduce corruption, falling under Sections 4(1)(b) and (c) and other information which may not have a bearing on accountability or reducing corruption. The competent authorities under the RTI Act will have to maintain a proper balance so that while achieving transparency, the demand for information does not reach unmanageable proportions affecting other public interests, which include efficient operation of public authorities and the Government, preservation of confidentiality of sensitive information and optimum use of limited fiscal resources.*" In view of these observations, I agree with the response of the respondent that the requested information is exempt from disclosure under section 8(1)(a) of the RTI Act.

6. In view of the above observations, I find that there is no need to interfere with the decision of the respondent. The Appeal is accordingly dismissed.

Place: Mumbai
Date: July 19, 2022

ANAND BAIWAR
APPELLATE AUTHORITY UNDER THE RTI ACT
SECURITIES AND EXCHANGE BOARD OF INDIA