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The Securities and Exchange Board of India (SEBI) has levied a penalty of Rs. 5 Lakh on Axis Bank for violating the regulations for Merchant banking regulations.

Axis bank acted as a merchant for 22 debt issues for various companies between August 2016-August 2019. During this period, Axis bank had failed to make requisite disclosures for certain securities it had subscribed to.

Rule 27 of the Merchant banking regulations state that the merchant banks must provide all the details of the transactions to the regulator while acquiring the securities of a body corporate whose issue is managed by it. The bank must provide this data within 15 days from the transaction date.

In its defence, the Axis Bank said that the issue of non-reporting was discovered in an internal review, and this was reported to SEBI immediately. The bank said the quick reporting of the omission showed the bank's bonafide intention. Axis bank also informed the market regulator that preventive measures have also been taken so that such incidents don't occur in future.

Axis bank tried to redress the issue through the consent mechanism, but the SEBI did not accept it.

SEBI after taking the cognizance of the matter said that "lose sight of the fact that noticee (Axis Bank), as a registered market intermediary, has failed to comply with the obligation cast on it under the MB Regulations for three consecutive years."