

SEBI has relaxed the requirement of minimum vesting period in case of the death of an employee, under the SEBI (Share Based Employee Benefit) Regulations, 2014 (“**SBEB Regulations**”) *vide* a circular dated June 15, 2021 ([available here](#)).

- Currently, SBEB Regulations provide for a minimum vesting period of **one year** for employee stock options and stock appreciation rights. Further, in the event of death of an employee while in employment, all employee stock options, stock appreciation rights and other benefits granted to such employee under a scheme **till such date** vests in the legal heirs or nominees of the deceased employee. Therefore, if an employee passed away during the minimum vesting period, the options or other benefits may not have passed on to their legal heirs.
- Due to COVID-19 and in order to provide relief to the families of the deceased employees of listed companies, SEBI has now decided that the **minimum vesting period of one year shall not apply in case of death of an employee**, for any reason. All employee stock options, stock appreciation rights and other benefits granted to such employee under a scheme shall **vest in the legal heirs or nominees of the deceased employee on the date of the death of the employee**.

This relaxation shall apply with respect to employees who have met their demise on or after **April 1, 2020**. The rationale for this cut-off date is not entirely clear, as India has also officially reported COVID-19 related deaths prior to that date.

Relaxation from the requirement of minimum vesting period in case of death of employee(s) under SEBI (Share Based Employee Benefit) Regulations, 2014

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