

SO/PSD/2024-25/7522
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER

In respect of

NSE Clearing Corporation Ltd. (PAN: AAACN2642L)

Settlement Application No. 7522/2024

In the matter of examination of NSE Clearing Corporation Limited

BACKGROUND

1. SEBI had conducted an examination to check whether NSE Clearing Corporation Ltd. (hereinafter referred to as NCL) under interoperability framework was ensuring compliance with SEBI norms and the provisions of Interoperability Agreement.
2. Pursuant to the examination and consideration of response of NCL (hereinafter referred to as the applicant), a Show Cause Notice (SCN) dated November 21, 2023 was served on the applicant. The SCN, *inter-alia*, alleged the following:
 - 2.1. The applicant failed to maintain sufficient Inter Clearing Corporations (hereinafter referred to as Inter-CCP) collateral from Indian Clearing Corporation Limited (ICCL).
 - 2.2. The applicant failed to ensure compliance with provisions of Inter-CCP agreement.
 - 2.3. The applicant, therefore, violated Regulation 7 read with Regulation 12 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, para 5.2, 5.3 and 5.9 of SEBI circular dated November 27, 2018, clauses (a) and (j) of Part III of Schedule 4 of Inter-CCP agreement dated June 01, 2019 and clause 20 of Inter-CCP agreement dated June 01, 2019.

3. The applicant was called upon to show cause as to why an inquiry should not be held against it and penalty should not be imposed under section 23GA read with 12A(2) of SCRA and 15HB read with section 11B(2) of the SEBI Act, 1992 for the alleged violations.
4. The applicant filed reply dated February 12, 2024 in response to the SCN and an opportunity of hearing was granted to the applicant in accordance with the principles of natural justice.

APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS

5. SEBI received a settlement application dated January 11, 2024 in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the Settlement Regulations) wherein the applicant proposed to settle the pending proceedings through a Settlement Order without admitting or denying the findings of fact and conclusions of law.
6. Pursuant to receipt of the Settlement Application, the Authorised Representatives of the applicant had meetings with the Internal Committee of SEBI (hereinafter referred to as 'IC') on February 29, 2024, June 13, 2024 and July 15, 2024 wherein the terms of settlement were deliberated. The IC considered the factors enumerated under Regulation 10 and Schedule II of the Settlement Regulations and recommended a total settlement amount of Rs. 27,13,10,000 (Rupees Twenty-Seven Crore Thirteen Lakh and Ten Thousand only) along with a report on the subsequent corrective measures undertaken by the applicant. The total settlement amount was recommended as per the following table:

Table 1

Violation	Settlement Amount (in Rs.)
Failure to maintain sufficient inter-CCP collateral	23,75,00,000
Failure to comply with various provisions of the inter-CCP agreement	3,38,10,000
Total	27,13,10,000

7. Subsequently, vide letters dated March 19, 2024 and August 05, 2024, the applicant submitted Revised Settlement Terms (RST) wherein they proposed to offer Rs. 27,13,10,000 (Rupees Twenty Seven Crore Thirteen Lakh Ten Thousand only) as the settlement amount along with remedial measures taken by it.
8. The High Powered Advisory Committee (hereinafter referred to as HPAC) in its meeting held on August 14, 2024 considered the revised settlement terms proposed by the applicant and recommended the case for settlement. In terms of Regulation 15 of the Settlement Regulations, the Panel of Whole Time Members of SEBI approved and accepted the recommendation of the HPAC on September 08, 2024. Subsequently, a Notice of Demand for the said amount was issued to the applicant on September 20, 2024. The applicant informed about the remittance of the aforesaid settlement amount on October 14, 2024 and its credit is also confirmed.

ORDER

9. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulation 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceedings initiated against the applicant for the aforesaid violations, vide SCN dated November 21, 2023, are disposed of as per the following terms:
 - 9.1. SEBI shall not initiate any other enforcement action against the applicant for the said violations; and
 - 9.2. This Order is without prejudice to the right of SEBI to take any enforcement action against the applicant, if:
 - 9.2.1. any representation made by the Applicant in the settlement proceedings is subsequently found to be untrue; or
 - 9.2.2. the Applicant breaches any of the clauses/conditions of undertakings/ waivers filed during the current settlement proceedings; or
 - 9.2.3. there was a discrepancy while arriving at the settlement terms.
10. This settlement order is passed on the 29th Day of October 2024 and shall come into force with immediate effect.

11. In terms of Regulation 25 of the Settlement Regulations, copy of this order shall be served to the Applicant and also to SEBI.

Date: October 29, 2024

Place: Mumbai

Dr. Anitha Anoop
Chief General Manager
Securities and Exchange Board of India