

SO/AA/MS/2024-25/7496
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER

In respect of

Sr. No.	Name of the Entity/Applicant	Settlement Application No.	PAN
1.	Invesco Asset Management (India) Private Limited	7496/2024	AACCG3908J
2.	Mr. Saurabh Nanavati	7497/2024	AAVPN8344D
3.	Mr. Sujoy Das	7498/2024	AFGPD4797N
4.	Mr. Nitish Sikand	7499/2024	ATZPS0141C
5.	Mr. Krishna Cheemalapati	7500/2024	ADHPC3794M
6.	Mr. Suresh Jakhotiya	7501/2024	ABBPJ0750A

(The aforesaid entities are hereinafter referred to by their respective names and collectively as the “Applicants”)

IN THE MATTER OF INVESCO ASSET MANAGEMENT (INDIA) PRIVATE LIMITED

BACKGROUND

1. SEBI had conducted inspection of Mutual Funds and Portfolio Management Services (PMS) activities of Invesco Asset Management (India) Private Limited (hereinafter referred to as IAMI) during October–November, 2021 at its registered office located at 21st Floor, Marathon Futurex, NM Joshi Marg, BDD Chawl, Lower Parel, Mumbai, Maharashtra 400013.
2. Pursuant to the inspection and consideration of response of IAMI and its Trustees to the inspection findings, a common Show Cause Notice (SCN) dated August 09, 2023 was served on all the Applicants. The SCN, *inter-alia*, alleged the following:

- 2.1. That there was no clear segregation of activities and Chinese wall between Portfolio Management activities and Mutual Fund activities of IAMI. There was no adequate infrastructure, manpower available with the portfolio manager for effectively discharging the activities of a portfolio manager. PMS arm of IAMI had not maintained an arms-length relationship with Invesco Mutual Fund arm by clearly segregating its activities as portfolio manager/investment adviser from Mutual Fund Activity.
- 2.2. That inter scheme transfers were executed and there were movements of securities / pre-arranged trades /layered trades between schemes of Invesco MF and PMS Advisory in violation of the provisions of SEBI (Mutual Funds) Regulations and it is alleged that the said scheme of things are “unfair trade practice” under Regulation 4 (1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- 2.3. That IAMI and its key managerial personnel have failed to ensure that investments are done to achieve objectives of the scheme by applying independent business judgment and in the interest of the unitholders in certain investments.
3. In view of the above, it was alleged that the applicants had violated the following regulatory provisions:

Applicant	Alleged Violation of
1	SEBI Circular No. MFD/CIR/6/73/2000 dated July 27, 2000, SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, Regulation 10(a), 24(b), 25(1), 25(2), 25(3), 25(6), 25(16) of SEBI (Mutual Funds) Regulation, 1996 r/w Clause (1), (4), (6), (8), (9) of the Code of Conduct as specified in the Fifth Schedule to the SEBI (Mutual Funds) Regulations, 1996 and Regulation 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

Applicant	Alleged Violation of
	Regulation 9A(1)(e), 13, 15(2) and 15(4) of SEBI (Portfolio Managers) Regulations, 1993 r/w Clause (1), (3) and 12(a) of Code of Conduct prescribed in Schedule III of SEBI (Portfolio Managers) Regulations, 1993, Regulation 11(a), 21, 23(3) and 23(7) of SEBI (Portfolio Managers) Regulations, 2020 r/w Clause (1), (3) and 13(a) of the Code of Conduct prescribed in Schedule III of SEBI (Portfolio Managers) Regulations, 2020 and Regulation 4 (1) of SEBI (PFUTP) Regulations, 2003. Regulation 15(1), 15(3), 15(4) and 15(9) of SEBI (Investment Advisers) Regulations, 2013 r/w Clause (1), (2), (3), (8), (9) of Third Schedule on Code of Conduct prescribed in Schedule III of SEBI (Investment Advisers) Regulations, 2013 read with first proviso to Regulation 4 (g) of SEBI (Investment Advisers) Regulations, 2013.
2	Regulation 25(6A) read with Regulation 25(6) of SEBI (Mutual Funds) Regulation, 1996 and Regulation 4 (1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
3, 4 and 5	Regulation 25(6B) read with Regulation 25(6) of SEBI (Mutual Funds) Regulation, 1996 and Regulation 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
6	Regulation 18(4)(d) and (4A) read with Regulation 25(6) of SEBI (Mutual Funds) Regulations, 1996, Regulation 23A(1) and (2) of SEBI (Portfolio Managers), Regulations 1993 and Regulation 34(1) and (2) of SEBI (Portfolio Managers), Regulations 2020.

4. The Applicants were called upon to show cause as to why penalty should not be imposed and suitable directions under sections 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of SEBI Act, 1992 read with sections 15D(b), 15D(f), 15HA and 15HB of the SEBI Act, 1992 should not be issued against them for the alleged violations.

5. The applicants filed replies dated October 25, 2023 in response to the SCN and an opportunity of hearing was granted to the Applicants in accordance with the principles of natural justice.

APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS

6. SEBI had received the following six (6) settlement applications dated October 07, 2023 in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the Settlement Regulations) wherein the applicants proposed to settle the pending proceedings through a Settlement Order without admitting or denying the findings of fact and conclusions of law:

Table 1

Sr. No.	Name of the Entity/Applicant	Settlement Application No.
1	Invesco Asset Management (India) Private Limited	7496/2024
2	Mr. Saurabh Nanavati	7497/2024
3	Mr. Sujoy Das	7498/2024
4	Mr. Nitish Sikand	7499/2024
5	Mr. Krishna Cheemalapati	7500/2024
6	Mr. Suresh Jakhotiya	7501/2024

7. Pursuant to receipt of the Settlement Applications, the Authorised Representatives of the Applicants had a meeting with the Internal Committee of SEBI (hereinafter referred to as 'IC') on January 19, 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 permitted the Applicants to submit revised terms of settlement and to submit an undertaking that the settlement amount shall not be borne by the investors/unitholders. Accordingly, the Applicants filed Revised Settlement Terms vide letter dated January 23, 2024 wherein the Applicants proposed a settlement amount of Rs. 4,98,55,000 (Rs. Four Crore Ninety-Eight Lakh and Fifty-Five Thousand only) jointly and severally.

8. The High Powered Advisory Committee (hereinafter referred to as HPAC) in its meeting held on February 05, 2024 considered the revised settlement terms proposed by the Applicants and recommended the case for settlement subject to an undertaking by applicants that systems are in place to prevent the recurrence of similar lapses. 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 March 06, 2024. Subsequently, a Notice of Demand for the said amount was issued to the Applicants on March 26, 2024. The Applicants informed about the remittance of the aforesaid settlement amount on April 03, 2024 and its credit is also confirmed. Further, necessary undertaking that systems are in place to prevent the recurrence of similar lapses for which joint settlement application was preferred has also been received.

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 Applicants for the aforesaid violations, vide Show Cause Notice dated August 09, 2023, are disposed of as per the following terms:
- 9.1. SEBI shall not initiate any other enforcement action against the Applicants for the said violations; and
 - 9.2. This Order is without prejudice to the right of SEBI to take any enforcement action against the Applicants, if:
 - 9.2.1. any representation made by the Applicants in the settlement proceedings is subsequently found to be untrue; or
 - 9.2.2. the Applicants breach 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 24th Day of April 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 Applicants, viz., IAMI, Mr. Saurabh Nanavati, Mr. Sujoy Das, Mr. Nitish Sikand, Mr. Krishna Cheemalapati and Mr. Suresh Jakhotiya, and also to SEBI.

Date: April 24, 2024

Place: Mumbai

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