BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/SS/RK/2023-24/29825)

UNDER SECTION 15 - I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF:

Name of the Entity	PAN
Stock Holding Corporation of India Limited	**AABCS1429B**

FACTS OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**), had conducted inspection of documents and other records of Stock Holding Corporation of India Limited, (hereinafter referred to as "**Noticee/SHCIL**"), a public limited company which was granted approval to act as a Designated Depository Participant (DDP) by SEBI vide letter dated April 11, 2014, to verify the possible violations of the provisions of the Securities and Exchange Board of India Act, 1992 **("SEBI Act")**, SEBI (Foreign Portfolio Investors) Regulations, 2019 (hereinafter referred to as the "**FPI Regulations**"), provisions of operational guidelines to FPIs and DDPs and SEBI Circulars by the Noticee. A copy of the findings of the Inspection Report (hereinafter referred to as "**IR**") had been communicated to the Noticee vide letter dated March 06, 2023.

2. Consequent upon the analysis of the findings of the inspection vis-a-vis the reply of the Noticee, it was allegedly observed the following:

    a) Non- maintenance of records and documents.
    b) Registration of Ineligible FPIs.

c) Discrepancies in the DDP Manual.

d) Non-compliance w.r.t KYC form and Demat Form.

e) Non-compliance w.r.t fit and proper check.

f) Failure to segregate activities.

g) Failure to maintain necessary infrastructure.

h) Delay in submitting monthly fees report.

i) Delay in forwarding audit report on Internal Controls

3. The aforesaid alleged conduct of the Noticee were in violation of the followings:

a) Regulation 32(1) of FPI Regulations;

b) Regulation 4(c) and Regulations 7(1) r/w Regulations 31(1)(a) of the FPI Regulations;

c) Clause 8 sub-clause (ii) and (iii) of PART A of the operational guidelines to FPIs and DDPs;

d) Note (xi) of Clause (1) of the Part B to the operational guidelines to FPIs and DDPs and SEBI Circular IMD/FPI&C/CIR/P/2020/022 dated February 04, 2020;

e) Clause 2(ii) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 4 of FPI Regulations;

f) Regulations 31(3) of the FPI Regulations;

g) Clause 8(i) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 31(1)(a) of FPI Regulations;

h) Clause 5 of Second Schedule to FPI Regulations r/w Clause 9(ii) of PART A of operational guidelines to FPIs and DDPs;

i) Regulation 31(6) of FPI Regulations.

4. In view of the above, adjudication proceedings was initiated against the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

5. In this regard, the undersigned was appointed as the Adjudicating Officer **("AO")** by SEBI, vide order September 18, 2023, communicated vide communique dated September 20, 2023 under Sub-section 1 of Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure of Holding Inquire and Imposing Penalties) Rules,

1995 (hereinafter referred to as **“Adjudication Rules”**) to inquire into and adjudge under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 for the aforesaid alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Accordingly, a Show Cause Notice No. SEBI/HO/EAD/EAD/P/OW/2023/0000041482/1 dated October 06, 2023 (hereinafter referred to as ‘SCN’) was issued to the Noticee under Rule 4 of the Adjudication Rules, to show cause as to why an inquiry should not be held against it and penalty be not imposed under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 for the aforesaid alleged violations.

7. The said SCN was served on the Noticee via Registered Post Acknowledgement Due and vide email dated October 06, 2023 which was duly delivered. The proof of service is on record. In response, the Noticee vide email dated October 11, 2023 requested to be granted more time to file reply to the SCN. Accordingly, in the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, vide email dated October 11, 2023, which was duly delivered, the said request was acceded to and a hearing opportunity was also granted to appear in person on October 26, 2023. The said hearing was attended to by the Assistant Vice President, Divisional Manager and Deputy Manager of the Noticee wherein they reiterated the submission made earlier vide their letter dated October 25, 2023. Further, Noticee also made submissions post hearing vide its letter dated October 27, 2023.The submissions made by the Noticee are summarized hereunder:

a) Noticee submitted that its DDP team is located in its Corporate office which is located at 301, Center Point, Dr. B. AmbedkarRoad, Lower Parel, Mumbai whereas the Noticee maintains all records in its office located at Mahape, Navi Mumbai which has larger and fire resistant storage facilities and that the *files pertaining to DDP activities are stored in separate area earmarked for DDP activities from the documents pertaining to Custodian and DP activities and all originals and copies for the registered FPIs are available in the said storage facility.*

b) Some of the KYC related originals were provided to the DP team for audit and inspection related work. The same have been handed back to DDP team.

c) The allege FPI accounts were opened between September, 2020 to December, 2020 as per the then prevalent FPI Regulations 2019 along with the Operating guidelines Clause 7(2)(ii)(d) wherein it had interpreted that for entity established in IFSC certain clauses (a and d) as mentioned below will not be applicable.

a) The applicant is not a resident Indian.

b) The applicant is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with the board, provided than an applicant being Government or Government related investor shall be considered as eligible for registration, if such applicant is a resident in the country as may be approved by the Government of India.

d) It had granted FPI Registration to the 4 INX Entities between September, 2020 to December, 2020 based on the relevant clauses mentioned in the SEBI FPI Regulations 2019 and SEBI FPI operating guidelines, 2019 (i.e. prior to the Amendments of 2021). Further, pursuant to the SEBI Regulations, 2021, w.e.f October 26, 2021, it took up the matter with these entities regarding surrender of FPI Registration, 2021 after the first amendment was announced.

e) There has been no activity or transaction carried out in those 4 GIFT IFSC Accounts.

f) The alleged points were not mentioned in the manual and that its DDP team exercises/exercised all precautions w.r.t the eligibility criteria and that it confirms on checks exercised for all accounts opened from 2021 onwards.

g) It had opened the group accounts namely Brihat Arka Capital LLC and Brihat Arka Bharat Global Fund LP wherein the Noticee has the necessary mechanism to ascertain whether the applicant forms part of any investor *group.*

h) Some items in KYC and Demat account opening kit which facilitated the collection of details of promoters/partners/trustees and whole time directors with details of Name, relationship, PAN, Address, DIN or Aadhar and photograph in the KYC Form and the provision for the said details is not available in the CAF.

i) There is a provision of 7 items in standing instructions in NSDL account opening form which are not available in CAF.

j) It relied upon SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 part B-Know Your Client (KYC) requirements for FPIs which finds mention of the below mentioned fact:

"Apart from the KYC requirement stated below, each intermediary may have additional documentation requirement for conducting enhanced due diligence as per their internal policies"

k) It obtains a preliminary investor information document from the prospective clients, further part F of the CAF mentions "I/We hereby declare that I /we fulfil the eligibility criteria under FPI Regulations and I/We Am/ Are eligible to register as FPI".

l) It further submitted that Part A- Clause (2)(ii) of the operational guidelines mention that DDP may obtain the declaration.

m) Its branches receive foreign investor's related queries and sometimes the branch officials in the normal course of business refer such queries to DDP team after understanding the nature of investment and in the alleged instance in SCN, it was only handing over of the client query to the relevant team and there was no involvement of DDP official.

n) All FDI related decisions , KYC, due-diligence & other actions were being handled by the relevant DP/ Custody/Broking department.

o) It maintains the FPI clients list along with the details of renewal and expiry and that entire list of FPIs were included in its SEBI monthly reporting and that it understands that some technical glitch existed during the inspection.

p) It has utility to send the reminder to FPIs and as NSDL reminders were sent to FPI clients with Cc to it, the Noticee did not sent reminder to avoind multiple email blasts to its FPI clients.

q) It had already submitted the FPI fees report to SEBI timely on May 05, 2021 for the month of April 2021 and that was the third working day of the month. Noticee further submitted a copy of email dated May 05, 2021 to substantiate its said claim.

r) Noticee lastly submitted that the restrictions on movement & work from home imposed challenges on the audit process as well as difficulty in coordination within the stockholding teams led to delay which would not happen in future.

8. Taking into account the aforesaid facts, I am of the view that the principles of natural justice have been duly followed in the matter by granting the Noticee, an opportunity for replying to the SCN and of being heard. Therefore, I deem it appropriate to decide the matter on the basis of facts/material available on record and reply submitted by the Noticee.

CONSIDERATION OF ISSUES AND FINDINGS: -

9. I have carefully perused the charges levelled against the Noticee and the documents / material available on record. The issues that arise for consideration in the present case are:

Issue No. I: Whether Noticee has violated the aforesaid provisions of SEBI FPI Regulations, operational guidelines and SEBI Circular as mentioned at para 3 above?

Issue No. II: If yes, does the violation, on the part of the Noticee would attract monetary penalty under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019?

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

10. Before proceeding further, I would like to refer to the relevant provisions of law as under:

Relevant provisions of SEBI (Foreign Portfolio Investors Regulations) Regulations, 2019

Eligibility criteria of foreign portfolio investor

Regulation 4 *A designated depository participant shall consider an application for grant of certificate of registration as a foreign portfolio investor if the applicant satisfies the following conditions namely: -*

[4]***[(c)*** *non-resident Indians or overseas citizens of India or resident Indian individuals may be constituents of the applicant provided they meet the conditions specified by the Board from time to time:*

Provided that resident Indian other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –

i)such resident Indian, other than individuals, is an eligible fund manager of the applicant, as provided under sub-section (4) of section 9A of the Income Tax Act, 1961 (43 of 1961); and

(ii) the applicant is an eligible investment fund as provided under sub-section (3) of section 9A of the Income Tax Act, 1961 (43 of 1961) which has been granted approval under the Income Tax Rules, 1962 5 [:]]

[6]*[Provided further that resident Indian, other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –*

(i) *the applicant is an Alternative Investment Fund setup in the International Financial Services Centres and regulated by the International Financial Services Centres Authority;*

***(ii)** such resident Indian, other than individuals, is a Sponsor or Manager of the applicant; and*

***(iii)** the contribution of such resident Indian, other than individuals, shall be up to-*

***(a)** 2.5% of the corpus of the applicant or US $ 7,50,000 (whichever is lower), in case the applicant is a Category I or Category II Alternative Investment Fund; or*
***(b)** 5% of the corpus of the applicant or US $ 1.5 million (whichever is lower), in case the applicant is a Category III Alternative Investment Fund;]*

Certificate of registration

***Regulation 7(1)** The designated depository participant shall on behalf of the Board grant the certificate of registration, bearing registration number generated by 9 [the Board], as specified in the First Schedule to an applicant if it is satisfied that the applicant is eligible and fulfils the requirements as specified in these regulations.*

Obligations and responsibilities of designated depository participants

***Regulation 31(1)** All designated depository participants who have been granted approval by the Board shall –*

- ***(a)** comply with the provisions of these regulations, as far as they may apply, circulars issued thereunder and any other terms and conditions specified by the Board from time to time;*

***Regulation 31(3)** The designated depository participant shall maintain segregation of activities such that there is no conflict of interest between the activity of grant of registration to a foreign portfolio investor in the capacity of a designated depository participant and its other activities.*

***Regulation 31(6)** The designated depository participant shall furnish to the Board annual audit reports on its internal control for a particular calendar year within ninety days of the next calendar year.*

Maintenance of proper books of accounts, records and documents.

Regulation 32

(1) *Every designated depository participant shall maintain the relevant true and fair records, books of accounts, and documents including the physical or electronic records relating to registration of foreign portfolio investors.*

OPERATIONAL GUIDELINES FOR FOREIGN PORTFOLIO INVESTORS, DESIGNATED DEPOSITORY PARTICIPANTS AND ELIGIBLE FOREIGN INVESTORS

PART A - FPI REGISTRATION RELATED ACTIVITIES

2. Guidance for Processing of FPI applications by DDPs

FPI applicant shall submit duly filled prescribed application form (Annexure B) supported by required documents and applicable fees. The application form should be duly signed with all signatures in original. Where the application form is incomplete, or lacks clarity, the applicant shall be advised by the DDP to clarify or furnish the desired information within a reasonable time.

However, DDP may continue to accept in–transit FPI applications received in Form A under 2014 Regulations (without insisting for new form) for a period of 90 days from date of issuance of these operational guidelines. DDP may however satisfy itself on any incremental due diligence requirement to process the application under the Regulation.

DDPs shall consider the following checks for determination of eligibility at the time of processing FPI application:-

(ii) *Non-resident Indian (NRI) / overseas citizens of India (OCI) / resident Indians (RI) check - DDP may obtain requisite declaration from applicant for satisfying eligibility criteria under regulation 4 of the Regulations and the conditions mentioned below relating to NRIs, OCIs and/or RIs being constituents of the applicant.*

Where NRIs or OCI or RIs are constituents of the applicant –

a. *the contribution of a single NRI or OCI or RI shall be below twenty-five percent of the total contribution in the corpus of the applicant;*

b. *the aggregate contribution of NRIs, OCIs and RIs shall be below fifty percent of the total contribution in the corpus of the applicant.*

Explanation: The contribution of RI is permitted, if made through the Liberalised Remittance Scheme (LRS) approved by Reserve Bank of India in global funds whose Indian exposure is less than 50%.

c. *the NRIs, OCIs and RIs shall not be in control of the applicant. This is not applicable if the applicant is an 'offshore fund' for which 'No Objection Certificate' has been issued by the Board in terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, or is controlled by an Investment Manager which is controlled and/or owned by NRI or OCI or RI if the following conditions are satisfied:*

(i) *such Investment Manager is appropriately regulated in its home jurisdiction and registered with the Board as a non-investing FPI, or*

(ii) *such Investment Manager is incorporated or setup under the Indian laws and appropriately registered with the Board.*

d. *The above shall not apply to non-investing FPI or if the applicant proposes to invest or invests only in units of schemes floated by mutual funds in India.*

e. *An applicant or an existing FPI not meeting above requirements shall comply within a period of two years from the date of registration or by 31st December 2020, whichever is later. A foreign portfolio investor who remains non-compliant even after the period specified above shall be prohibited from making any fresh purchase of securities and such foreign portfolio investor shall liquidate its existing position in the Indian securities market within a period of one hundred and eighty days.*

f. *In case of temporary breach of above investment limits after December 31. 2020, the foreign portfolio investor shall comply with the eligibility conditions within ninety days of its breach. In case the foreign portfolio investor remains non-compliant with the said requirement even after ninety days, then no fresh purchases shall be permitted and such foreign portfolio investor shall liquidate its existing position in Indian securities market within a period of the next one hundred and eighty days.*

Obligations of DDPs:

i. Infrastructure: *Every DDP shall have necessary infrastructure, including adequate office space, adequate and competent manpower and computer systems capability required to discharge its activities as DDP in compliance with Regulations and other guidelines, circulars, issued thereunder.*

ii. Manual: *Every DDP shall have a manual setting out systems and procedures to be followed for the effective and efficient discharge of its functions as a DDP.*

iii. Monitoring of systems and controls: *Every DDP shall have adequate mechanisms for the purposes of reviewing, monitoring and evaluating its controls, systems, procedures and safeguards.*

9. Reporting:

ii. *Depository/DDP shall submit to SEBI monthly reports of the fees collected for all the FPIs registered by it as per the format set out in Annexure D hereto and such other reports as may be required by SEBI.*

PART B – KNOW YOUR CLIENT REQUIREMENTS FOR FOREIGN PORTFOLIO INVESTORS (FPIs)

FPIs are required to provide KYC related documents based on the category under which it is registered. Once the KYC is completed, the intermediary will upload the Form and supporting documents on the KRA portal for other market intermediaries to access and complete their KYC requirements. Apart from the KYC requirement stated below, each intermediary may have additional *documentation requirement for conducting enhanced due diligence as per their internal policies.*

1. KYC documentation requirements for FPI

KYC documentation applicable for FPIs shall be as under:-

Table

Sr. No	Document Type	KYC Documentation Details	Category - I	Category - II
1	**Applicant Level**	Constitutive Docs (MoA, COI, prospectus etc.)	Required	Required
2		Proof of Address[1]	Required	Required
3		PAN	Required	Required
4		Board Resolution[2]	Not required	Required
5		FATCA / CRS form	Required	Required
6		Form/ KYC Form	Required	Required
7	**Authorised Signatories**	List of Signatures[2]	Required	Required
8	**Ultimate Beneficial Owner (UBO)**	List of UBO including the details of Intermediate BO[3]	Required	Required
9		Proof of Identity	Not Required	Required
[1] Power of Attorney having address provided to Custodian is accepted as address proof.				
[2] Power of Attorney granted to Global custodian/ local custodian is accepted in lieu of Board Resolution (BR). BR and the authorized signatory list (ASL) is not required if SWIFT is used as a medium of instruction.				
[3] UBO is not required for Government and Government related entities				

Notes to the Table:

xi) *If all information required in KYC Form (Part I and II) is provided in Form itself, no separate KYC Form (Part I and II) will be required to be submitted*

<u>Relevant Provisions of SEBI Circular No. IMD/FPI&C/CIR/P/2020/022 dated February 04, 2020</u>

<u>Subject: Common Application Formfor Foreign Portfolio Investors</u>

> ***1.****The Government of India vide notification number F. No. 4/15/2016-ECB dated January 27, 2020 notified the Common Application Form (CAF) for the purpose of (a) registration of Foreign Portfolio Investors (FPIs) with Securities and Exchange Board of India, (b) allotment of Permanent Account Number (PAN) and (c) carrying out of Know Your Customer (KYC) for opening of Bank & Demat Account.*
>
> ***2.****The applicants seeking FPI registration shall be required to duly fill CAF and 'Annexure to CAF' and provide supporting documents and applicable fees for SEBI registration and issuance of PAN. The other intermediaries dealing with FPIs may rely on the information in CAF for the purpose of KYC.*
>
> ***3.****DDP may continue to accept in–transit FPI registration applications, for a period of 60days from date of issuance of this Circular, received in the form prescribed in operational guidelines issued on November 05, 2019.*

SECOND SCHEDULE

PART A

PAYMENT OF FEES APPLICABLE TO FOREIGN PORTFOLIO INVESTOR

(5) *Every designated depository participant shall remit the fees collected from the foreign portfolio investors during the immediate preceding month, to the Board, by 5th working day of every month, along with the details in the format, as may be specified from time to time.*

Issue No. I: Whether Noticee has violated the aforesaid provisions of SEBI FPI Regulations, Operational Guidelines and SEBI Circular as mentioned at para 3 above?

Alleged violation 1: Non- maintenance of records and documents

11. With respect to the captioned violation, I note from the IR that the Noticee was maintaining only the signed copy of the Common Application Form (CAF), its annexures and Dow Jones due diligence report in original for its records whereas the other original/attested documents related to registration of the FPIs were being transferred to SHCIL Custodian and SHCIL Depository Participant for their KYC purpose.

12. Further, I note from IR that the part B of operational guidelines for FPIs, DDPs and eligible investor provides that once the KYC is completed, the intermediary is required to upload the Form and supporting documents on the KYC Registration Agencies (KRA) portal for other market intermediaries to access and complete their KYC requirements.

13. In this regard, Noticee submitted that its DDP team is located in its Corporate office located at 301, Center Point, Dr. B. AmbedkarRoad, Lower Parel, Mumbai whereas the Noticee maintains all records in its office located at Mahape, Navi Mumbai which has larger and fire resistant storage facilities and that the files pertaining to DDP activities are stored in separate area earmarked for DDP activities from the documents pertaining to Custodian and DP activities and all originals and copies for the registered FPIs are available in the said storage facility. It further submitted that some of the KYC related originals were provided to the DP team for audit and inspection related work. The same have been handed back to DDP team.

14. With regard to the Noticee's aforesaid submission, I note that the Noticee has admittedly kept the KYC documents earmarked for the DDP purpose in its Mhape storage facility which houses DP team instead of its DDP designated office at Lower Parel and the reason cited by it was the larger and fire resistant facilities at the Mhape, thus, indicating that the documents were not kept at DDP office. Noticee further admitted of having submitted KYC related documents of FPIs to its DP team for audit and inspection related work. Further, I note from the material available on record that the said KYC documents were with its other department was not disclosed during the inspection and neither the proof evidencing the same

was provided nor the documents were recalled from the said audit department to be produced during inspection. Noticee also failed to provide any documentary evidence in support of having received the said documents from its DP audit team. Further, I note that the aforesaid submission raises questions on working of the Noticee wherein DDP related documents are being given to DP related work.

15. Accordingly, in view of the aforesaid, it stands established that the Noticee has violated Regulation 32(1) of the FPI Regulations by having failed to maintain all the Original/attested documents at the designated place.

Alleged violation 2: Registration of Ineligible FPIs

16. As regards captioned violation, I note from IR that the Noticee had granted registration to four FPIs as detailed in Table 1 below. Further, I note from IR that these FPIs had resident Indian other than Individuals (body corporate) as their constituents.

Table 1

S.No	Applicant Name	Date of Registration	Resident Indian other than Individuals as constituent of FPI	Percentage of Shareholding/ Control	Jurisdiction	Lt Date of Final surrender of FPI Registration
1	India INX Global Access IFSC Limited (INIGFP093120	11-12-2020	**India International Exchange IFSC**	**100%**	**India IFSC (GIFT CITY)**	**28-03-2022**
2	STOCKHOLDING SECURITIES IFSC LIMITED (INIGFP072620)	11-09-2020	**Stock Holding Corporation of India Limited**	**100% s**	**India IFSC (GIFT CITY)**	**28-03-2022**

3.	India International clearing corporation (IFSC) Limited (INIGFP095020)	15-12-2020	**BSE Limited**	**90.10%**	**India IFSC** **(GIFT CITY)**	-
4.	India International Exchange (IFSC) Limited (INIGFP094920)	15-12-2020	**BSE Limited**	**90.10%**	**India IFSC** **(GIFT CITY)**	-

17. With regard to the aforesaid, I note from IR that as per Regulation 4 (c) of FPI Regulations, non-resident Indians or overseas citizens of India or resident Indian individuals may be constituents of the applicant provided they meet the conditions specified by the Board from time to time and that FPI (Second Amendment) Regulation, 2021, w.e.f. 26-10-2021 inserted a provision to Regulation 4 (c) of FPI Regulation, 2019 providing following:

"Provided that resident Indian other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –
(i) such resident Indian, other than individuals, is an eligible fund manager of the applicant, as provided under sub-section (4) of section 9A of the Income Tax Act, 1961 (43 of 1961); and
(ii) the applicant is an eligible investment fund as provided under sub-section (3) of section 9A of the Income Tax Act, 1961 (43 of 1961) which has been granted approval under the Income Tax Rules, 19623"

"Provided further that resident Indian, other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –

(i) the applicant is an Alternative Investment Fund setup in the International Financial Services Centres and regulated by the International Financial Services Centres Authority;

(ii) such resident Indian, other than individuals, is a Sponsor or Manager of the applicant; and

(iii) the contribution of such resident Indian, other than individuals, shall be up to-

(a) 2.5% of the corpus of the applicant or US $ 7,50,000 (whichever is lower), in case the applicant is a Category I or Category II Alternative Investment Fund; or

(b) 5% of the corpus of the applicant or US $ 1.5 million (whichever is lower), in case the applicant is a Category III Alternative Investment Fund"

18. Further, I note from IR that the said FPIs were neither an eligible investment fund as provided in section 9A of Income Tax Act, 1961 nor a registered AIFs setup in IFSC. Therefore, these FPIs were ineligible for their registration. Further, I note that IR finds mention of the fact that the Noticee did not examine whether aforesaid FPIs were eligible for registration and fulfilled the requirement as specified in these regulations at the time of granting the registration to these FPIs.

19. In this regard, the Noticee submitted that the said FPI accounts were opened between September, 2020 to December, 2020 as per the then prevalent FPI Regulations 2019 along with the Operating guidelines Clause 7(2)(ii)(d) wherein it had interpreted that for entity established in IFSC certain clauses (a and d) as mentioned below will not be applicable.

    c) The applicant is not a resident Indian.

    d) The applicant is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with the board, provided than an applicant being Government or Government related investor shall be considered as eligible for registration, if such applicant is a resident in the country as may be approved by the Government of India.

20. Noticee also made a submission that it had granted FPI Registration to the 4 INX Entities between September, 2020 to December, 2020 based on the relevant clauses mentioned in the SEBI FPI Regulations 2019 and SEBI FPI operating guidelines, 2019 (i.e. prior to the Amendments of 2021). Further, pursuant to the SEBI Regulations, 2021, w.e.f October 26, 2021, it took up the matter with these entities regarding surrender of FPI Registration, 2021 after the first amendment was announced.

21. Noticee also added that there has been no activity or transaction carried out in those 4 GIFT IFSC Accounts.

22. With regard to the Noticee's aforesaid submission, I note that even prior to the amendments, FPI Regulations never permitted the Noticee to open account of ineligible FPIs as per the extant FPI Regulations. From the above, I note that the Noticee has wrongly construed the provisions of the extant FPI Regulations by granting them registration. Further, Noticee's submission with regard to the fact that pursuant to the SEBI Regulations, 2021, w.e.f October 26, 2021, it took up the matter with these entities regarding surrender of FPI Registration, 2021 after the first amendment was announced and that there has been no activity or transaction carried out in those 4 GIFT IFSC Accounts, I note that the Noticee was duty bound at all times to follow the extant provisions of FPI Regulations at all times rather than following up with the entities after being pointed out by SEBI regarding their ineligibility since the violation had occurred and it continuously persisted . Accordingly, the submission of the Noticee is devoid of merits.

23. Accordingly, in view of the aforesaid, it stands established that the Noticee has violated Regulation 4 (c) of and Regulation 7 (1) r/w Regulation 31(1)(a) of FPI Regulations 2019 by registering ineligible FPIs as detailed above.

Alleged violation 3: Discrepancies in the DDP Manual

24. In addition to the aforesaid, I note from IR that the inspection team had observed following discrepancies in the DDP Manual which were not in line with the extant regulations/operational guidelines.

a) Eligibility criteria of FPI

The Page 4 of the latest Manual (Version II) provides that–

"An FPI promoted by NRI/OCI is permitted, if the applicant is applying as a CAT II (Investment Manager of another FPI) & is registered as non-investing FPI"

However, PART A Clause 2(ii)(c) to the Operational Guidelines specifies –

"the NRIs, OCIs and RIs shall not be in control of the applicant. This is not applicable if the applicant is an 'offshore fund' for which 'No Objection Certificate' has been issued by the Board in terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, or is controlled by an Investment Manager which is controlled and/or owned by NRI or OCI or RI if the following conditions are satisfied:
i. such Investment Manager is appropriately regulated in its home jurisdiction and registered with the Board as a non-investing FPI, or
ii. such Investment Manager is incorporated or setup under the Indian laws and appropriately registered with the Board."

b) Non applicability to IFSC

The Page 4 of the latest Manual (Version II) provides that the conditions (related to control/contribution) of NRI/OCI/RI are not applicable to an applicant incorporated/established in an IFSC.

However, provision to Regulation 4 of the FPI Regulations, 2019 provides that clause (a), (d) and (e) shall not apply to an applicant incorporated or established in an International Financial Services Centre.

c) UNSC Sanctions List

The Page 6 of the manual quotes the requirements of the Regulation 4 of the FPI Regulations, 2019 as follows

"(f) FPI or its underlying investor contributing 25% or more of the corpus/ identified on the basis of control should not be in sanctions list notified by UN Security Council/Jurisdiction Mentioned in the Public statement of FATF as …."

Corresponding checks and actions to be performed by Noticee's team includes obtaining the details of *UBO Structure of the FPI and checking the list of countries that are listed in the public statements issued by FATF.*

However, I note from IR that the foresaid extract of manual does not provide for checking whether FPI or its underlying investor contributing 25% or more of the corpus/identified on the basis of control should be part of sanctions list notified by UN Security Council/Jurisdiction mentioned in the Public statement of FATF.

d) Investor Grouping

With regard to the captioned discrepancy, I note from IR that the Regulation 31(2) (a) of FPI Regulations provides that the DDP engaged by an applicant seeking registration as foreign portfolio investor shall ascertain at the time of granting registration and whenever applicable, whether the applicant forms part of any investor group;

However, the said manual didn't provide for ascertainment of investor group of FPI at the time of registration.

e) Intimation of Change in investor grouping

I also note from IR that the manual of the Noticee didn't provide for the procedure to be followed in case of intimation of change in investor grouping information by FPI.

25. With regard to the aforesaid, Noticee submitted that above said points were not mentioned in the manual and that its DDP team exercises/exercised all precautions w.r.t the eligibility criteria and that it confirms on checks exercised for all accounts opened from 2021 onwards. Noticee further submitted that it had opened the group accounts namely Brihat Arka Capital LLC and Brihat Arka Bharat Global Fund LP wherein the Noticee has the necessary mechanism to ascertain whether the applicant forms part of any investor group.

26. With regard to the aforesaid submission of the Noticee, I note that that Noticee has admittedly not included the said points in the manual that it confirms on checks exercised for all accounts opened from 2021 onwards which shows violation on its part.

27. Further, with regard to Noticee's submission that it has the necessary mechanism to ascertain whether the applicant forms part of any investor group, I note that Noticee's manual didn't provide for ascertainment of investor group of FPI at the time of registration and that material available on record shows that Noticee in its response to the IR responded to SEBI that its DDP Manual is being duly updated and will be in place by April 15th 2023. Thereafter, periodic updation to the manual will be carried out to ensure adherence to regulatory guidelines & circulars. Accordingly, in view of the aforesaid and contradictory response given by the Noticee, I find that the submission of the Noticee does not stand.

28. With regard to the aforementioned irregularities in the extract of manual, I note that that the manual is not in concurrence with the provisions of FPI Regulations. Accordingly, in view of the aforesaid, I note that the Noticee has violated clause 8 sub-clause (ii) and (iii) of PART A of the operational guidelines to the FPI Regulations which stipulates that the DDP shall have a complete manual, setting out the systems and procedures to be followed for the effective and efficient discharge of its functions as DDPs.

Alleged violation 4: Non-compliance w.r.t KYC form

29. I note from IR that the Noticee was obtaining a separate KYC form and separate form for opening of Demat account despite of notification of common application Form by Government of India vide notification number F.No.4/15/2016-ECB dated January 27, 2020 notified the CAF for the purpose of

    a) registration of Foreign Portfolio Investors (FPIs) with Securities and Exchange Board of India,
    b) allotment of Permanent Account Number (PAN) and
    c) Carrying out of Know Your Customer (KYC) for opening of Bank & Demat Account

30. In this regard, Noticee submitted that there were some items in KYC and Demat account opening kit which facilitated the collection of details of promoters/partners/trustees and whole time directors with details of Name, relationship, PAN, Address, DIN or Aadhar and photograph in the KYC Form and the provision for the said details is not available in the CAF. Noticee further submitted that there is a provision of 7 items in standing instructions in NSDL account opening form which are not available in CAF. Noticee further relied upon SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 part B-Know Your Client (KYC) requirements for FPIs which finds mention of the below mentioned fact:

    “Apart from the KYC requirement stated below, each intermediary may have additional documentation requirement for conducting enhanced due diligence as per their internal policies”

31. With regard to the Noticee’s aforesaid submission, I note that the Noticee has admittedly obtained additional forms despite the Government of India Notification on Common Application Form which is comprehensive and covers all the aspects required from an FPI and Noticee should have adhered to the same rather than obtaining a separate KYC form and separate form for opening of Demat account. Further, Noticee’s submission that the same was done for enhanced due diligence does not stand since conducting due diligence does not allow anybody to flout

provisions of extant SEBI Circular issued pursuant to the Government of India notification on CAF for FPIs which was done to promote ease to the FPIs in Registration.

32. Accordingly, in view of the aforesaid, it stands established that the Noticee has violated Note (xi) of Clause (1) of Part B to the Operational Guidelines to FPIs and DDPs and SEBI Circular IMD/FPI&C/CIR /P/2022/022 dated February 04, 2020 by obtaining a separate KYC form and separate demat form.

Alleged violation 5: Non-compliance w.r.t fit and proper check

33. With regard to the captioned allegation, I note from IR that in terms of regulation 4(g) of FPI Regulations, an FPI applicant needs to satisfy the 'Fit and Proper' person criteria as specified under Schedule II of the SEBI (Intermediaries) Regulations, 2008. However, IR finds mention of the fact that the Noticee didn't obtain any Fit and Proper declaration from the FPIs, neither at the time of Initial registration/ renewal as provided under Part A - Clause (2)(ii) of operational guidelines which reads as mentioned below:

Part A - Clause (2)(ii) of the operational guidelines (OG) provides the following:
" Fit and proper per son check - DDP may obtain declaration from the applicants about their meeting eligibility criteria specified under Regulation 4 of the Regulations and shall exercise its due diligence, as applicable."

34. In this regard, Noticee submitted that it obtains a preliminary investor information document from the prospective clients, further part F of the CAF mentions "*I/We hereby declare that I /we fulfil the eligibility criteria under FPI Regulations and I/We Am/ Are eligible to register as FPI*". Noticee further made a submission that Part A- Clause (2)(ii) of the operational guidelines mention that DDP may obtain the declaration.

35. With regard to the Noticee's aforesaid submission, I note that Noticee has provided a sample preliminary investor information form which encompasses details like Name of the applicant, its address, PAN Card number, primary source of funds, Annual Income, Disciplinary History, Investment proposed as an FPI, etc.

However, the said form does not cover the fit and proper criteria and further, I note that the Noticee has not provided any documentary evidence in this regard as to whether it has obtained fit and proper declaration from any of its clients either at the time of initial registration /renewal since Noticee has provided only a sample form rather than a form it circulates to its clients. With regard to the contention of the Noticee that operational guidelines provide that DDP may obtain declaration, I note that the Noticee has misconstrued the said provision since the same is not to be read in aloof but with Regulation 4 of FPI Regulations. Further, I note that in the instant case, the operational guidelines didn't restrict the Noticee from obtaining the said declaration. Accordingly, submission of the Noticee is bereft of merits.

36. Accordingly, in view of the aforesaid, it stands established that the Noticee has violated Clause 2(ii) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 4 of FPI Regulations by not obtaining the declaration form from the FPIs confirming their eligibility criteria under Regulation 4 of FPI Regulations.

Alleged violation 6: Failure to segregate activities

37. Further, I note from IR that upon verification of the emails of the employees of the Noticee on sample basis it was observed by the inspection team that they have been interacting in relation to the onboarding and resolving queries of the FDI Custodian Clients (other than FPIs clients) thus indicating a conflict of interest on the part of the Noticee by employing its employees for handling other activitie

38. With regard to the aforesaid, the Noticee submitted the its branches receive foreign investor's related queries and sometimes the branch officials in the normal course of business refer such queries to DDP team after understanding the nature of investment and in the alleged instance in SCN, it was only handing over of the client query to the relevant team and there was no involvement of DDP official. Noticee further submitted that all FDI related decisions, KYC, due-diligence & other actions were being handled by the relevant DP/ Custody/Broking department.

39. As regards Noticee's aforesaid submission, I note that in the instant case, the Noticee is now making a blanket statement by submitting as stated hereinabove.

However, the Noticee should have been more cautious with regard to segregation of activities and should have maintained a dedicated email ID to address the queries of its clients rather than keeping such types of loopholes in its system wherein it is trying to take leeway. Accordingly, I do not find any merits in the submission of the Noticee.

40. Accordingly, in view of the above, it stands established that the Noticee has violated Regulation 31(3) of the FPI Regulations by engaging its employees for resolving queries of clients other than FPI clients there by not adhering to the compliance of aforesaid Regulation directing segregation of activities.

Alleged violation 7: Failure to maintain necessary infrastructure

41. As regards captioned allegation, I note from IR that the software used by the Noticee was not capable of generating various reports like list of registered, surrendered, expired or rejected FPIs during the IP and that it depended on backend IT team to generate aforesaid reports. In addition to the aforesaid, following discrepancies had been observed from the extracted report of the list of registered FPIs as on April 1, 2021 and March 31, 2022 from the backend system which did not even provide the correct details of registered FPIs.

    a) **Some of the FPIs still contains Category III -** With regard to the said irregularity, I note from IR that the Noticee submitted that its database is integrated with NSDL DP system which primarily has data and that it had been following up with NSDL for resolution of this issue since last 2 years.

    b) Further, I note from IR that on matching list of all clients submitted as part of point 8 of Annexure C with monthly report of NSDL of list registered FPIs (Annexure I), the FPIs mentioned below in the table were part of the Annexure-I of NSDL as on 30.04.2021 and 31.03.2021, however, same is not part of the list of clients as on 01.04.2021 submitted by the Noticee under Annexure C.

S.No	FPI Name	FPI Registration No.	Date
1	STOCKHOLDING SECURITIES IFSC LIMITED	INIGFP072620	01-Apr-21
2	India INX Global Access IFSC Limited	INIGFP093120	01-Apr-21
3	KAI HE	INUSFP056119	01-Apr-21
4	JASSIM ALMARZOOQI	INUEFP051118	01-Apr-21
5	KAI HE	INUSFP056119	31-Mar-22

c) **Renewal of Registration of FPIs:** Apart from the aforesaid, I note from IR that the software did not have functionality of generating list of FPIs which are due for renewal in the following year and that the Noticee was relying on the emails from depository informing the list of FPIs to be renewed within the next 6 months.

42. With regard to the aforesaid, Noticee submitted that it maintains the FPI clients list along with the details of renewal and expiry and that entire list of FPIs were included in its SEBI monthly reporting and that it understands that some technical glitch existed during the inspection. Noticee further submitted that it has utility to send the reminder to FPIs and as NSDL reminders were sent to FPI clients with Cc to it, the Noticee did not sent reminder to avoid multiple email blasts to its FPI clients.

43. With regard to the Noticee's aforesaid submission, I note that the Noticee has admitted the fact that there was some problem at its end during the course of inspection. Further, with regard to the Noticee's submission that it didn't send reminder to its clients since NSDL was already sending it and that it wanted to avoid email blasts on its clients, I note that the said submission shows laxity and careless attitude of the Noticee towards its duties to its clients. Noticee was required to adhere to the regulatory provision and maintain infrastructure at all times ensuring up to date infrastructure. Accordingly, submission of the Noticee does not stand.

44. Accordingly, in view of the aforesaid, it stands established that the Noticee has violated Clause 8(i) of PART A of operational guidelines to FPIs and DDPs r/w

Regulation 31(1)(a) of FPI Regulations by having failed to maintain necessary infrastructure.

Alleged violation 8: Delay in submitting monthly fees report

45. With regard to the captioned violation, I note from IR that the monthly fees report for the month of Apr-21 was submitted after the due date i.e. by 5th working day of following month.

46. In this regard, Noticee submitted that it had already submitted the FPI fees report to SEBI timely on May 05, 2021 for the month of April 2021 and that was the third working day of the month. Noticee further submitted a copy of email dated May 05, 2021 to substantiate its said claim.

47. With regard to the Noticee's aforesaid submission, I note from the copy of said email that the Noticee has submitted the monthly fees report well within time i.e on the third working day on May 05, 2021 as against fifth working day, required under Clause 5 of Second Schedule to FPI regulations.

48. Accordingly, in view of the aforesaid, I find that the Noticee is not in violation of Clause 5 of Second Schedule to FPI Regulations r/w Clause 9(ii) of PART A of operational guidelines to FPIs and DDPs by adhering to the timelines for submitting monthly fees report.

Alleged violation 9: Delay in forwarding audit report on Internal Controls

49. Apart from the aforesaid, I note from IR that the Noticee had submitted Audit report on internal controls of DDP Operations for the period from January to December 2021 vide letter dated on 19th April, 2022, which was needed to be submitted within 90 days of the next calendar year.

50. In this regard, Noticee submitted that the restrictions on movement & work from home imposed challenges on the audit process as well as difficulty in coordination within the stockholding teams led to delay which would not happen in future.

51. With regard to the Noticee's aforesaid submission, I note that the cause shown by the Noticee is not sufficient as the restriction were there on movement but the said reports could have been submitted from anywhere. Further, I note that no SEBI /Exchange Circular exempted the Noticee from submission of report during COVID. Accordingly, the aforesaid submission of the Noticee does not stand.

52. Therefore, in view of the above, I note that the Noticee has violated Regulation 31(6) of FPI Regulations by belatedly forwarding the Audit report on internal controls.

53. The upshot of the above discussion is that the Noticee has violated the relevant provisions of the FPI Regulations, SEBI Circulars and operational guidelines as alleged in the SCN and the same has been established in the preceding paragraphs.

Issue No. II: If yes, does the violation, on the part of the Noticee would attract monetary penalty under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019?

54. As it has been established that the Noticee has violated following provisions of SEBI FPI Regulations, SEBI Circulars and operational guidelines.
    a) Regulation 32(1) of FPI Regulations;
    b) Regulation 4(c) and Regulations 7(1) r/w Regulations 31(1)(a) of the FPI Regulations;
    c) Clause 8 sub-clause (ii) and (iii) of PART A of the operational guidelines to FPIs and DDPs;
    d) Note (xi) of Clause (1) of the Part B to the operational guidelines to FPIs and DDPs and SEBI Circular IMD/FPI&C/CIR/P/2020/022 dated February 04, 2020;
    e) Clause 2(ii) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 4 of FPI Regulations;
    f) Regulations 31(3) of the FPI Regulations;

g) Clause 8(i) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 31(1)(a) of FPI Regulations;

h) Regulation 31(6) of FPI Regulations.

55. In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, ***SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361}*** wherein the Hon'ble Court had held that: "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established......."*

56. Therefore, in view of the foregoing and placing reliance on the above judgement of Hon'ble Apex Court, I am of the view that the Noticee is liable for imposition of monetary penalty under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019, which is reproduced hereunder:

Relevant provisions of SEBI Act, 1992

Penalty for failure to furnish information, return, etc.

15A(b) *to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations 66[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to 67[a penalty 68[which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];*

Penalty for contravention where no separate penalty has been provided

15HB *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no* *separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

57. While determining the quantum of penalty under Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:

SEBI Act, 1992

15J. *While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely*
(a)the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.

58. I observe that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the said Noticee. From the document available on record, it is not ascertainable whether the acts of the Noticee are repetitive in nature. However, it is pertinent to note that the role of a DDP is crucial as it is primarily responsible for registration/ on boarding of FPIs. I find it pertinent to mention here that registration is with the objective of protecting the interests of the investors, as it casts accountability and responsibility upon the DDP to comply with all regulatory requirements applicable to the conduct of its business activity so, as to promote the best interests of clients

and the integrity of the market. I consider that the irregularities on the part of the Noticee viz. regarding non- maintenance of records and documents, registration of Ineligible FPIs, discrepancies in the DDP manual, non-compliance w.r.t KYC form and Demat form and fit and proper check, failure on its part to segregate activities and maintain necessary infrastructure and delay in forwarding audit report on internal controls does not absolve it from penalty. The irregularities on the part of the Noticee as brought out in the preceding paragraphs clearly shows that it has failed in its fiduciary duties owed to its clients.

ORDER

59. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section Section 15A(b) of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 on the Noticee for violations of the following provisions of SEBI FPI Regulations, SEBI Circulars and operational guidelines:

a) Regulation 32(1) of FPI Regulations;
b) Regulation 4(c) and Regulations 7(1) r/w Regulations 31(1)(a) of the FPI Regulations;
c) Clause 8 sub-clause (ii) and (iii) of PART A of the operational guidelines to FPIs and DDPs;
d) Note (xi) of Clause (1) of the Part B to the operational guidelines to FPIs and DDPs and SEBI Circular IMD/FPI&C/CIR/P/2020/022 dated February 04, 2020;
e) Clause 2(ii) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 4 of FPI Regulations;
f) Regulations 31(3) of the FPI Regulations;
g) Clause 8(i) of PART A of operational guidelines to FPIs and DDPs r/w Regulation 31(1)(a) of FPI Regulations;

h) Regulation 31(6) of FPI Regulations.

Name of the Noticee	**Penal provisions**	**Penalty**
Stock Holding Corporation of India Limited	**Section 15A(b) and r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019 and 15HB of the SEBI Act r/w Regulation 43 of SEBI (Foreign Portfolio Investors) Regulations, 2019.**	**Rs.16,00,000/- (Rupees Sixteen Lakhs Only)**

60. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW.

61. The said payment details and confirmations of e-payments made (in the format as given in table below) should be forwarded to “The Division Chief, Enforcement Department (EFD1 – DRA IV), Securities and Exchange Board of India, SEBI

Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.

1. Case Name:	
2. Name of the Noticee:	
3. PAN No. of the Noticee	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

62. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

63. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Date: November 29, 2023 **SANTOSH KUMAR SHARMA**

Place: Mumbai **ADJUDICATING OFFICER**