

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA**

**SETTLEMENT ORDER**

**[SETTLEMENT ORDER NO.: SO/AN/RG/2023-24/7355 & 7357 & 7361 & 7386]**

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| S. No. | Settlement Application No. | Name of Applicant                                     | PAN        |
|--------|----------------------------|-------------------------------------------------------|------------|
| 1.     | 7386/2023                  | Deutsche Bank AG                                      | AAACD1390F |
| 2.     | 7361/2023                  | The Hongkong and Shanghai Banking Corporation Limited | AAACT2786P |
| 3.     | 7357/2023                  | HDFC Bank Limited                                     | AAACH2702H |
| 4.     | 7355/2023                  | Citi Bank N.A.                                        | AAACC0462F |

In the Matter of:

**FPIs not meeting the eligibility criteria prescribed under SEBI (FPI) Regulations**

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1. **Deutsche Bank AG.** (hereinafter also referred to as “Applicant No. 1”), **The Hongkong and Shanghai Banking Corporation Limited** (hereinafter also referred to as “Applicant No. 2”), **HDFC Bank Limited** (hereinafter also referred to as “Applicant No. 3”), **Citi Bank N.A.** (hereinafter also referred to as “Applicant No. 4”), said four applicants collectively referred to as ‘Noticees’ / ‘Applicants’ / ‘the Applicants’, filed Settlement Applications (Application numbers as in table above), said four applications collectively referred to as ‘Settlement Applications’ / ‘said applications’ proposing to settle, without admitting or denying the findings of fact and conclusions of law, through a Settlement Order, the pending adjudication proceedings under Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter also referred to as ‘SEBI Act, 1992’), initiated vide Show Cause Notice No. SEBI/EAD-9/VKV/NK/25129/1-4 dated June 19, 2023 (‘SCN’ / ‘said SCN’), for alleged violations of the following provisions, as per details hereunder:

1.1. **Deutsche Bank AG.:** For the alleged violation of Regulation 4(d) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 {‘**SEBI (FPI) Regulations**’};

- 1.2. **The Hongkong and Shanghai Banking Corporation Limited:** For the alleged violations of Regulation 4(d) and 4 (e) of the SEBI (FPI) Regulations;
- 1.3. **HDFC Bank Limited:** For the alleged violations of Regulation 4(f) of the SEBI (FPI) Regulations;
- 1.4. **Citi Bank N.A.:** For the alleged violation of Regulation 4(e) of the SEBI (FPI) Regulations.
2. SEBI inter alia observed that with the notification of the SEBI (FPI) Regulations, 2014, the Designated Depository Participants (DDPs) are entrusted to carryout due diligence in processing FPI applications. This provision continued in the SEBI (FPI) Regulations, 2019 also. On perusing the registration database available on NSDL website, it was inter alia observed by SEBI that, as on October 05, 2021, there were certain registered FPIs from the province of Manitoba, who were otherwise ineligible for registration /renewal in terms of the extant SEBI (FPI) Regulations. SEBI, inter alia seeking explanation, sought details from all the DDPs regarding the registered FPIs but not meeting the eligibility criteria as per the SEBI (FPI) Regulations, 2019.
- Pursuant to the information received from the DDPs, as of October 14, 2021, SEBI inter alia observed that DDPs viz., Deutsche Bank AG had granted registration /renewal to FPIs which were ineligible as per the SEBI (FPI) Regulations, 2019, The Hongkong and Shanghai Banking Corporation Limited had granted registration /renewal to FPIs which were ineligible as per the SEBI (FPI) Regulations, 2019, HDFC Bank Limited had permitted a FPI to transact in Indian securities market, despite being ineligible in terms of the SEBI (FPI) Regulations, 2019 and Citi Bank N.A. had granted registration /renewal to FPIs which were ineligible as per the SEBI (FPI) Regulations, 2019. In view thereof adjudication proceedings were initiated in respect of the applicants.
3. Vide communique dated June 10, 2022, Shri N. Hariharan, Chief General Manager, SEBI was appointed as the Adjudicating Officer (hereinafter referred to as "AO"), to inquire into and adjudge under Section 15HB of the SEBI Act, 1992

for the aforesaid alleged violations. Pursuant to the transfer of Sh. N. Hariharan, Shri Vijayant Kumar Verma, General Manager, SEBI, was appointed as the Adjudicating Officer, vide communique dated October 06, 2022. Thereafter, pursuant to the transfer of Shri Vijayant Kumar Verma, Ms. Soma Majumder, General Manager, SEBI was appointed as the Adjudicating Officer vide communique dated September 04, 2023. Subsequently, pursuant to the transfer of Ms. Soma Majumder, the undersigned was appointed as Adjudicating Officer vide communique dated December 19, 2023.

4. A common Show Cause Notice No. SEBI/EAD-9/VKV/NK/25129/1-4 dated June 19, 2023 was issued to the Noticees under the provisions of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "Adjudication Rules"). The following was *inter alia* alleged and/or observed in the said SCN, in respect of the Applicant(s):
  - 4.1. Deutsche Bank AG had granted registration /renewal to certain FPIs which were ineligible as per the SEBI (FPI) Regulations and has violated provisions of Regulation 4(d) of the SEBI (FPI) Regulations, 2019.
  - 4.2. The Hongkong and Shanghai Banking Corporation Limited had granted registration /renewal to certain FPIs which were ineligible as per the SEBI (FPI) Regulations, 2019 and has violated provisions of Regulation 4(d) and 4 (e) of the SEBI (FPI) Regulations.
  - 4.3. HDFC Bank Limited had permitted a FPI to transact in Indian securities market, despite being ineligible in terms of the SEBI (FPI) Regulations, 2019 and has violated provisions of Regulation 4(f) of the SEBI (FPI) Regulations.
  - 4.4. Citi Bank N.A. has granted registration/renewal to FPIs which are ineligible as per the SEBI (FPI) Regulations, 2019 and have violated provisions of Regulation 4(e) of the SEBI (FPI) Regulations.
5. Pending Adjudication Proceedings initiated vide Show Cause Notice No. SEBI/EAD-9/VKV/NK/25129/1-4 dated June 19, 2023, the Noticees proposed to settle the instant proceedings initiated against them, without admitting or

denying the findings of facts and conclusions of law, through a settlement order and filed settlement applications bearing Settlement Application Numbers as per details in Table 1 below, in terms of provisions of SEBI (Settlement Proceedings) Regulations, 2018 ('SEBI Settlement Regulations' / 'Settlement Regulations'):

Table 1

| S No. | Applicant Name                                        | Application Number |
|-------|-------------------------------------------------------|--------------------|
| 1.    | Deutsche Bank AG                                      | 7386/2023          |
| 2.    | The Hongkong and Shanghai Banking Corporation Limited | 7361/2023          |
| 3.    | HDFC Bank Limited                                     | 7357/2023          |
| 4.    | Citi Bank N.A.                                        | 7355/2023          |

6. The said Applications were placed before the Internal Committee of SEBI (hereinafter also referred to as, the "IC") in its meeting held on September 22, 2023. IC considered the factors enumerated under Regulation 10 and Schedule II of Settlement Regulations and recommended the following indicative amounts for respective Applicant(s):

Table 2

| S No. | Applicant name                                        | Amount (Rs.)                                                            |
|-------|-------------------------------------------------------|-------------------------------------------------------------------------|
| 1.    | Deutsche Bank AG                                      | 11,05,000<br>(Eleven Lakhs Five Thousand Only)                          |
| 2.    | The Hongkong and Shanghai Banking Corporation Limited | 10,87,500<br>(Ten Lakhs Eighty Seven Thousand Five Hundred only)        |
| 3.    | HDFC Bank Limited                                     | 9,18,750<br>(Nine Lakhs Eighteen Thousand Seven Hundred and Fifty only) |
| 4.    | Citi Bank N.A.                                        | 8,25,000<br>(Eight Lakhs Twenty Five Thousand Only)                     |

7. Pursuant to the meeting with the IC, the Applicants submitted their respective Revised Settlement Terms ('RST') vide respective email(s) and proposed the following settlement amounts as per details in Table 3 below:

Table 3

| S No. | Applicant name                                        | Email Date         | Amount (Rs.)                                                            |
|-------|-------------------------------------------------------|--------------------|-------------------------------------------------------------------------|
| 1.    | Deutsche Bank AG                                      | October 04, 2023   | 11,05,000<br>(Eleven Lakhs Five Thousand Only)                          |
| 2.    | The Hongkong and Shanghai Banking Corporation Limited | September 26, 2023 | 10,87,500<br>(Ten Lakhs Eighty Seven Thousand Five Hundred Only)        |
| 3.    | HDFC Bank Limited                                     | October 11, 2023   | 9,18,750<br>(Nine Lakhs Eighteen Thousand Seven Hundred and Fifty Only) |
| 4.    | Citi Bank N.A.                                        | October 11, 2023   | 8,25,000<br>(Eight Lakhs Twenty Five Thousand Only)                     |

8. The Internal Committee considered the submissions of the Applicant and noted that the RST proposed by the Applicant were in line with the amount formulated as per the Settlement Regulations and recommended the case for settlement to High Powered Advisory Committee (“HPAC”). Thereafter, the Settlement Applications were placed by the IC before the HPAC for its consideration.
9. The HPAC in its meeting held on November 02, 2023, inter alia considering the RST, agreed with the recommendations of the Internal Committee and recommended that the request of the Applicants for settlement may be accepted.
10. The recommendations of the HPAC were placed before the panel of Whole Time Members of SEBI (WTMs) for consideration and were approved by the Panel of the WTMs of SEBI on December 15, 2023. Subsequently, the Notice of Demand was issued to the Applicants by the concerned department of SEBI vide email(s) dated December 27, 2023.
11. The Applicants had informed the concerned department of SEBI that the respective settlement amounts were remitted by way of online transfer vide their respective email(s) as per details in Table 4 below:

Table 4

| S No. | Applicant name                                        | Amount (in Rs.)                                                         | Date of information of Remittance (vide email) |
|-------|-------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------|
| 1.    | Deutsche Bank AG                                      | 11,05,000<br>(Eleven Lakhs Five Thousand Only)                          | January 05, 2024                               |
| 2.    | The Hongkong and Shanghai Banking Corporation Limited | 10,87,500<br>(Ten Lakhs Eighty Seven Thousand Five Hundred only)        | December 28, 2023                              |
| 3.    | HDFC Bank Limited                                     | 9,18,750<br>(Nine Lakhs Eighteen Thousand Seven Hundred and Fifty only) | January 17, 2024                               |
| 4.    | Citi Bank N.A.                                        | 8,25,000<br>(Eight Lakhs Twenty Five Thousand Only)                     | January 12, 2024                               |

12. The remittance of the respective settlement amounts were confirmed by the concerned department of SEBI.
13. In view of the acceptance of the settlement terms and the receipt of respective settlement amounts by SEBI, the instant Adjudication Proceedings initiated against the Noticees viz., Deutsche Bank AG., The Hongkong and Shanghai Banking Corporation Limited, HDFC Bank Limited and Citi Bank N.A., vide Show Cause Notice No. SEBI/EAD-9/VKV/NK/25129/1-4 dated June 19, 2023, are hereby disposed of in terms of Section 15JB of the SEBI Act, 1992 read with Regulation 23(1) of Settlement Regulations.
14. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the SEBI (Settlement Proceedings) Regulations, 2018, including restoring or initiating the proceedings in respect of which this settlement order is passed against the Applicant(s), if it comes to notice of the Board that:
- 14.1. any representation(s)/disclosure(s) made by the Applicant in the present Settlement Proceedings is subsequently found to be untrue, and /or
- 14.2. the Applicant breaches any of the clauses /conditions of undertakings /waivers filed during the present settlement proceedings, and /or
- 14.3. there was a discrepancy while arriving at the settlement terms.

15. This Settlement Order is passed on this 29<sup>th</sup> day of February, 2024 and shall come into force with immediate effect.
16. In terms of Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the Applicant(s) and also be published on website of SEBI.

**Date: February 29, 2024**  
**Place: Mumbai**

**Amar Navlani**  
**Adjudicating Officer**