

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

SETTLEMENT ORDER

[SETTLEMENT ORDER NO.: SO/AN/RG/2024-25/7682]

In respect of:

Settlement Application No.	Name of Applicant	PAN
7682/2024	Orbis Financial Corporation Limited (Custodian)	AAACF9386P

In the matter of inspection of Custodian - Orbis Financial Corporation Limited

1. Securities and Exchange Board of India (hereinafter also referred to as “SEBI”) initiated adjudication proceedings, under Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred to as “Adjudication Rules”) read with section 19 of the SEBI Act, 1992, against Orbis Financial Corporation Limited (Custodian) (hereinafter also referred to as “Applicant/ Noticee/ OFCL/ Orbis/ Custodian”), for the alleged violations of following provisions:
 - 1.1. Regulation 18(2) read with Clause 3 of Third Schedule to SEBI (Custodian) Regulations, 1996.
 - 1.2. Regulation 9(d) read with Second Schedule of SEBI (Custodian) Regulations, 1996; SEBI Circular FITTC/CUST/7/1999 dated October 01, 1999.
 - 1.3. Clause 2 read with Regulation 12 of the Third Schedule to the SEBI (Custodian) Regulations, 1996.
 - 1.4. SEBI circular IMD/FII & C/ 30/2008 dated July 21, 2008.

- 1.5. Regulation 6(1)(d) SEBI (Custodian) Regulations, 1996; Clause 4 of Code of Conduct defined under Third Schedule read with Regulation 12 of SEBI (Custodian) Regulations, 1996.
- 1.6. Regulation 25(2)(b) of SEBI(FPI) Regulations, 2019 read with Clause 9 of Part C to the Operational Guidelines issued for FPIs and DDPs.
- 1.7. Regulation 14 of SEBI (Custodian) Regulations, 1996 read with SEBI circular FITTC/CUST/11/2001 dated May 18, 2001.
- 1.8. Regulation 19(1)(f) and Regulation 12 read with Clause 6 of Third Schedule of SEBI (Custodian) Regulations, 1996.
- 1.9. SEBI circulars DNPD/Cir-22/04 dated Apr 01, 2004, and DNPD/Cir-25/04 dated June 10, 2004.
- 1.10. Regulation 6(1)(b) and (c) of SEBI (Custodian) Regulations, 1996; Clause 1 of Third Schedule under Regulation 12 of SEBI (Custodian) Regulations, 1996.
2. Vide communique dated December 22, 2023, SEBI appointed the undersigned as the Adjudicating Officer (“AO”) under Section 15-I of the SEBI Act, 1992 and Rule 3 Adjudication Rules read with section 19 of the SEBI Act, 1992, to inquire into and adjudge inter alia under Sections 15A(a), 15A(c) and 15HB of the SEBI Act, 1992, the alleged violations in respect of the Noticee.
3. A Show Cause Notice No. SEBI/EAD-5/AN/RG/52031/1/2023 dated December 27, 2023 (“SCN”) was issued to the Noticee in terms of provisions of Rule 4 of the Adjudication Rules, calling upon to show cause why an inquiry should not be held and penalty not be imposed, inter alia under Sections 15A(a), 15A(c) and 15HB of SEBI Act, for the aforesaid alleged violations of the Noticee. Briefly stated, following was inter alia observed and alleged, in respect of the Noticee:
 - 3.1. Not maintaining proper software for physical securities; allowing unauthorised persons to access the Vault.

- 3.2. Under Payment of Fees to SEBI for the FY 2021-22; incorrect quarterly reporting to SEBI during the FY 2020-2021 and FY 2021-2022.
 - 3.3. Delay in processing of corporate actions.
 - 3.4. Not reporting of short sale transactions in the monthly reports.
 - 3.5. Not periodically updating the Operation Manual.
 - 3.6. Failure to monitor the investments by FPIs in Debt Instruments; incorrect submissions made to SEBI in response to communication of findings of inspection.
 - 3.7. Non-submission of Annual Reports to SEBI within the timelines.
 - 3.8. Not maintaining the record of client instructions; accepting instructions from modes other than the agreed upon in the custodian agreement.
 - 3.9. Not obtaining settlement instructions through STP modes for 56 FPIs.
 - 3.10. Not employing necessary infrastructure; competent persons for managing custodians business, and lack of professionalism in the discharge of duties.
4. In this regard, pending the Adjudication Proceedings initiated vide SCN No. SEBI/EAD-5/AN/RG/52031/1/2023 dated December 27, 2023, the Noticee filed Settlement Application, bearing Settlement Application No. 7682/2024 (hereinafter also referred to “said application” / “subject application”) with SEBI, proposing to settle the instant proceedings initiated against them vide SCN No. SEBI/EAD-5/AN/RG/52031/1/2023 dated December 27, 2023, without admitting or denying of the findings of fact and conclusions of law, having regard to the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter also referred to as “Settlement Regulations”).
5. In this regard, I note from the material available on record that the said application was inter alia placed before the Internal Committee of SEBI (hereinafter also referred to as the “IC”) in its meeting held on April 18, 2024. IC recommended ₹1,59,25,000/- (Rupees One Crore, Fifty Nine Lakhs, Twenty

Five Thousand only) as the indicative amount computed in terms of Schedule II read with Regulation 10 of Settlement Regulations. The same was communicated by SEBI to the authorized representative of the applicant. The applicant was informed to submit Revised Settlement Terms ("RST") within 15 working days from the date of the IC Meeting in terms of Regulation 13(2)(c) of SEBI (Settlement Proceedings) Regulations, 2018.

6. Thereafter, vide letter dated April 18, 2024, the applicant making certain submissions inter alia proposed to offer ₹1,59,25,000/- (Rupees One Crore, Fifty Nine Lakhs, Twenty Five Thousand only) towards the settlement terms. IC deliberated on the said submissions and observed that the same was only a repetition of what had already been deliberated in the IC Meeting dated April 18, 2024. Considering that the applicant was agreeable to pay the settlement amount as communicated by the IC, the case was recommended for placing before the High Powered Advisory Committee ("HPAC") for its consideration.
7. Thereafter, the subject application was placed before the HPAC in its meeting held on June 14, 2024 and the HPAC inter alia agreeing with the recommendation of the IC, recommended that the request of the applicant for settlement may be accepted. Pursuant to that, the matter was placed before panel of WTMs and the panel noted that it may be checked whether necessary corrective actions has been taken by the entity w.r.t. infrastructure, manpower, proper software etc. Thereafter, inter alia the applicant vide email dated September 12, 2024 submitted the process note monitoring the compliances with respect to Custodian's compliance with provisions of Regulation 25(2)(b) of SEBI (FPI) Regulations read with Clause 9 of Part C to the Operational Guidelines and RBI Circular RBI/2017-18/199 dated June 15, 2018 (updated upto February 26, 2021). Also, the applicant submitted its formal undertaking affirming their commitment to comply with the relevant regulations. The concerned department of SEBI, vide an email dated September 20, 2024, submitted that it has no adverse comments with respect to the submission of the

applicant on the corrective actions undertaken. Thereafter, the settlement application was approved by the panel of WTMs.

8. Accordingly, notice of demand was issued to the applicant vide an email dated October 09, 2024 for the settlement amount of ₹1,59,25,000/- (Rupees One Crore, Fifty Nine Lakhs, Twenty Five Thousand only). In response, the applicant vide email dated October 12, 2024, informed about the remittance of the said settlement amount, the receipt of which has been verified by concerned department of SEBI.
9. In view of the receipt of settlement amount by SEBI, the instant Adjudication Proceedings initiated against the Noticee viz., Orbis Financial Corporation Limited (Custodian) vide Show Cause Notice No. SEBI/EAD-5/AN/RG/52031/1/2023 dated December 27, 2023, are hereby disposed of in terms of Section 15JB of the SEBI Act, 1992 read with Regulation 23(1) of SEBI (Settlement Proceedings) Regulations, 2018.
10. The passing of this Settlement Order shall however be without prejudice to the rights of SEBI under Regulation 28 and 31 of the SEBI (Settlement Proceedings) Regulations, 2018, to initiate appropriate actions, including restoring or initiating the proceedings in respect of which this settlement order is passed against the Applicant, if:
 - 10.1. it comes to the notice of the Board that the applicant has not made full and true disclosure;
 - 10.2. applicant has violated the undertakings or waivers;
 - 10.3. there was a discrepancy while arriving at the settlement terms.
11. This Settlement Order shall come into force with immediate effect.

12. In terms of Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

DATE: October 16, 2024
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER