

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CONSENT ORDER

On the Application submitted by
Commerzbank (Souht East Asia) Ltd.
In the matter of Commerzbank (Souht East Asia) Ltd.

FII-CD1998/2010/AO/BM/07/2011

1. The Securities and Exchange Board of India (SEBI) had initiated adjudication proceedings against M/s. Commerzbank (South East Asia) Ltd. (hereinafter referred to as **Noticee**) to inquire into and adjudge under section 15 HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), the alleged violation/contravention of the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995 (hereinafter referred to as '**FII Regulations**') by the Noticee.
2. It was observed the Noticee was under statutory obligation under regulations 10(f) and 12 (1) of FII Regulations to obtain registration of the clients as sub accounts before investing on behalf their clients in the Indian securities market. It is alleged that the Noticee made investments as an FII on behalf of seventeen clients without obtaining registration for these clients as sub-accounts and therefore did not comply with the provisions of Regulations 10 (f) and 12 (1) of FII Regulation, 1995.
3. The undersigned was appointed as Adjudicating Officer (**AO**) under section 15 I of the SEBI Act to inquire into and adjudge under Sections 15 HB of the SEBI Act for the aforesaid alleged violations. Consequently, Show Cause Notice No. EAD-6/BM/DJ/705/2010 dated 08.04.2010 was issued to the Noticee under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**the Rules**").
4. While the adjudication proceedings were in progress, the Noticee made an application dated 29.04.2010 along with an affidavit of "undertakings and waivers" in terms of SEBI Circular No EFD/Cir-1/2007 dated 20th April, 2007 for Consent Order in respect of the aforesaid notice before SEBI. Subsequently, the Noticee vide its letter dated 02.11.2010 proposed consent terms of ₹. 5,26,00,000/- (Rupees Five Crore Twenty Six Lakh only) towards settlement charges in respect of the aforesaid proceedings before SEBI.

5. The revised terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') on 19.01.2011. The HPAC after deliberation recommended that the case may be settlement on the aforesaid revised consent terms proposed by the Noticee. The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI. Thereafter, SEBI vide letter dated 04.02.2011 conveyed the recommendations of the HPAC to the applicant and advised the applicant to pay in accordance with consent terms.
6. In terms of the proposal of the Noticee, for the sole purpose of settling the matter on hand, without admitting or denying the guilt on the part of the Noticee to the finding of fact or conclusion of law, the Noticee has remitted a sum of ₹. 5,26,00,000/- (Rupees Five Crore Twenty Six Lakh only) vide demand draft No. 061823 dated 08.02.2011 drawn on Standard Chartered, 23-25, Mahatma Ghandhi Road, Fort Mumbai, towards the terms of consent in the matter.
7. In view of above, it is hereby ordered that:
- i) this consent order disposes of the said proceedings pending against the Noticee under SEBI Act.
 - ii) passing of this order is without prejudice to the rights of SEBI to take enforcement actions including commencing/reopening of the pending proceedings against the Noticee, if SEBI finds that:
 - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.
8. This consent order is passed on 14.02.2011 and shall come into force with immediate effect.

Adjudicating Officer

Place: Mumbai

Barnali Mukherjee