

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

**SETTLEMENT ORDER**

(Application No. 6461/2021)  
On the application submitted by

**NSEIT Limited. (PAN: AABCN0159P)**  
**Settlement Order No: SO/SBM/KL/2021-22/6461**

**In the matter of alleged violation of STP Guidelines.**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), while processing the applications for approval of renewals received from 'Straight Through Processing' ('**STP**') service providers, conducted an examination into the compliance of SEBI (STP Centralized Hub and STP Service Providers) Guidelines, 2004, (hereinafter referred to as '**STP Guidelines**') by NSEIT Limited (hereinafter referred to as '**Applicant**'/'**NSEIT**'). Based on the findings of the examination, it is observed that NSEIT was granted initial approval to act as STP service provider from June 30, 2004 to June 29, 2007. However, it is alleged that NSEIT continued to act as STP service provider even after June 2007 (i.e. after expiry of the initial approval), without obtaining the renewal of approval from SEBI. In view of the above, it is alleged that NSEIT functioned as STP service provider without obtaining the renewal of approval from SEBI, which resulted in violation of the provisions of Clauses 3 (1), 5 (1)(i), 6 (1) (i) and 6 (1) (ii) of the STP Guidelines.
2. Pursuant to the above examination and findings therein, SEBI appointed the undersigned as the Adjudicating Officer ('**AO**') vide communiqué dated March 04, 2021, under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and also under Section 23-I of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**') read with Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules 2005, to inquire into and adjudge under the provisions of section 15HB of SEBI Act and also under the provisions of the section 23H of the SCRA, the violation of the aforementioned provisions of the STP guidelines, alleged to have been committed by NSEIT.
3. In this regard, a Show Cause Notice ref.no. SCN/SEBI/EAD1/SBM/KL/7167/2021 dated March 26, 2021 (hereinafter referred to as '**SCN**') was issued to NSEIT. Briefly,

the following major observations/allegations were leveled against NSEIT in the SCN:

- a) *It is observed that NSEIT was initially granted approval by SEBI vide its letter dated June 30, 2004, to act as an STP Service provider for a period of 3 years from June 30, 2004 to June 29, 2007. However, it is alleged that after the expiry of the initial approval granted by SEBI on June 29, 2007, the Noticee did not apply for renewal of the approval but continues to carry out business as an STP service provider, till date. In this regard, it is noted that NSEIT vide its letter dated December 05, 2019, submitted an application for renewal of approval as an STP service provider for the previous blocks i.e. from June 30, 2007 to June 29, 2019 (post facto) and also for the current block i.e. from June 30, 2019 to June, 2022. Further, NSEIT also submitted that they inadvertently failed to file request for renewal of approval from SEBI, for the time period from June 30, 2007, to June 29, 2019, to continue providing services as an STP service provider.*
  - b) *It is noted that as per the provisions of Clause 6(1)(i) of the STP Guidelines, STP Service Providers are required to obtain renewal of approval every three years to be eligible to act as STP service providers. However, it is alleged that NSEIT failed to obtain the same as discussed in the previous paragraphs. Therefore, it is alleged that NSEIT violated the provisions of Clauses 3 (1), 5 (1)(i), 6 (1) (i) and 6 (1) (ii) of STP Guidelines.*
4. Pending Adjudication Proceedings commenced by the aforesaid SCN, NSEIT/Applicant proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application ref. 6461/2021 dated April 22, 2021 with SEBI in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**').
5. Pursuant to the above mentioned settlement application filed by the applicant, the Authorized Representatives (ARs) of the applicant attended a meeting with the Internal Committee (hereinafter referred to as '**IC**') on August 30, 2021 and the settlement terms were settled for an amount Rs. 21,67,500/- (Rupees Twenty-One Lakhs Sixty-Seven Thousand and Five hundred only) towards settlement charges. The settlement terms were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on November 09, 2021. The HPAC, after considering the facts and circumstances of the case, the proposed settlement terms offered by the applicant and also the material made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment Rs. 21,67,500/- (Rupees Twenty-One Lakhs

Sixty-Seven Thousand and Five hundred only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on November 22, 2021 and the same was communicated to the applicant vide email dated November 29, 2021. Subsequently, the applicant has remitted the amount of Rs. 21,67,500/- (Rupees Twenty-One Lakhs Sixty-Seven Thousand and Five hundred only) through online payment on December 03, 2021 (transaction ref no. IBKL211203783777) towards the settlement terms in the matter.

6. In view of the aforesaid and in exercise of the powers conferred under section 15JB of the SEBI Act and section 23JA of SCRA read with Regulation 23 (1) of the Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the applicant viz. NSEIT Limited vide SCN ref.no. SEBI/EAD1/SBM/KL/7167/2021 dated March 26, 2021.
7. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if:
  - a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
  - b. the applicant breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
8. This settlement order is passed on the **29<sup>th</sup> day of December, 2021** and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, copies of this order are sent to the applicant viz. NSEIT Limited and also to the Securities and Exchange Board of India.

**Place: Mumbai**  
**Date: December 29, 2021**

**SURESH B. MENON**  
**ADJUDICATING OFFICER**