

**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**SETTLEMENT ORDER**

(Application No. 3009/ 2015)

On the application submitted by

**J.P.Morgan Mutual Fund**

**Settlement Order No: IMD/JPM/AO/SBM-ASR/EAD-3/CO-01/2017**

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1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide communiqué dated March 10, 2015 initiated adjudication proceedings against J.P.Morgan Mutual Fund (hereinafter referred to as '**the applicant** ') along with J.P.Morgan Asset Management India Private Limited (hereinafter referred to as '**the AMC**') and J.P.Morgan Mutual Fund India Private Limited (hereinafter referred to as '**the Trustee**') to inquire into and adjudge under Section 15 A(b) and Section 15D(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') the violation of the provisions of Regulations 10(a), 31 and 32 of the SEBI (Mutual Funds) Regulations, 1996 (hereinafter referred to as '**MF Regulations**') and Circulars issued by SEBI viz. SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008, SEBI/IMD/CIR No. 10/178129/09 dated September 29, 2009 and SEBI/IMD/CIR No 18 / 198647 / 2010 dated March 15, 2010 alleged to have been committed by the applicant along with J.P. Morgan Asset Management India Private Limited and J.P.Morgan Mutual Fund India Private Limited, in respect of the launch of JPMorgan India Fixed Maturity Plan - Series 39 by the applicant.

2. In this regard, a Show Cause Notice ref. A&E/EAD-3/SBM-ASR/17317/2015 dated June 23, 2015 (hereinafter referred to as '**SCN**') was issued to the applicant. It was alleged in the SCN that the applicant, along with the Trustee and the AMC have failed to comply with certain provisions of the MF Regulations and various SEBI Circulars, as mentioned above.
3. It was alleged in the SCN that the AMC of the applicant vide letter dated February 06, 2014, filed the draft offer document of its scheme viz. JPMorgan India Fixed Maturity Plan - Series 35 to 39. The final standard letter in respect of the scheme was sent to the AMC by SEBI on February 12, 2014 informing that the validity of the Scheme Information Document (hereinafter referred to a '**SID**') shall be 6 months from the date of the letter communicating the observations (final) from SEBI, as specified in SEBI Circular No. SEBI/IMD/CIR No.5/126096/08 dated May 23, 2008. The aforementioned final standard letter with the observations (final) was sent by SEBI on February 12, 2014 and therefore, the validity of the SID was till August 12, 2014. However, the AMC launched the scheme on August 19, 2014 i.e after the expiry of 6 months without filing a fresh SID along with the fee, which was required under regulation 28(1) of the MF Regulations. Therefore, it was alleged in the SCN that the applicant launched the scheme i.e. JPMorgan India Fixed Maturity Plan - Series 39, when the right to launch the said scheme had already expired.
4. Further, the SCN dated June 23, 2015 also alleged the following:
  - (a) It was alleged that the offer document contained misleading and incorrect scheme name and information and even the units that were allotted to the investors were under the incorrect scheme name. It was therefore alleged that the applicant had violated the provisions of regulation 31 of the MF Regulations.

- (b) It was alleged that on July 21, 2014, the AMC filed a copy of the SID without mentioning the opening and closing date of the NFO, which is in non-compliance with the provisions of the SEBI circular SEBI/IMD/CIR No. 10/178129/09 dated September 29, 2009 on Statement of additional information (SAI) & Scheme Information Document (SID).
- (c) It was alleged that the allotment of units was completed on August 27, 2014 and the listing of Series 39 (renamed to Series 40) should have been completed by September 04, 2014 so that the units were available for ongoing repurchase/sale/ trading within five business days of allotment as stipulated under SEBI Circular SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010. However, the scheme was listed on September 09, 2014, which resulted in violation of the provisions of Regulation 32 of the MF Regulations and the requirement stipulated in the Circular dated March 15, 2010, as aforesaid.
5. Pending Adjudication Proceedings, the applicant submitted a Consent Application no. 3009/2015, which was received by SEBI on September 30, 2015 along with an undertaking in the format prescribed by SEBI for settlement in the matter in terms of Regulations 3 (1) and 3 (2) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as "**Settlement Regulations**").
6. Pursuant to the above mentioned Consent Application made by the applicant, the Authorized Representatives of the applicant, attended a meeting with the Internal Committee on Consent (hereinafter referred to as '**IC**') on February 11, 2016. During the aforesaid meeting, the settlement terms of Rs. 91,80,000/- (Rupees Ninety One Lakh and Eighty Thousand Only) calculated as per the Settlement Regulations and voluntary debarment of the applicant from issuing of new schemes

for a period of one year from the date of consent order were communicated to the authorised representatives of the applicant. The applicant vide letter dated February 18, 2016 proposed payment of Rs. Rs. 91,80,000/- (Rupees Ninety One Lakh and Eighty Thousand Only) and also voluntary debarment from issuing of new schemes for a period of one year from the date of consent order towards full and final settlement of all regulatory, civil or criminal proceedings in relation to the facts contained in the SCN without admitting or denying any violation on the part of the applicant.

7. The settlement terms were placed before the High Powered Advisory Committee on Consent (hereinafter referred to as '**HPAC**') on August 03, 2016, and the HPAC considered the facts and circumstances of the case, the proposed settlement terms offered by the applicant and other material brought before the Committee by SEBI. The HPAC, after considering the facts and circumstances of the case, settlement terms offered by the applicant and also the material made available to it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of Rs. 91,80,000/- (Rupees Ninety One Lakh and Eighty Thousand Only) and voluntary debarment of the applicant from issuing of new schemes for a period of one year from the date of consent order towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on September 27, 2016 and the same was communicated to the applicant vide letter dated January 23, 2017.
8. Accordingly, the applicant vide letter dated February 03, 2017 has remitted a sum of Rs. 91,80,000/- (Rupees Ninety One Lakh and Eighty Thousand Only) towards the settlement charges through Demand Draft No. 181757 dated February 02, 2017 drawn on JPMorgan Chase Bank N.A.

9. In view of the above, in terms of Regulation 15 (1) of the Settlement Regulations, 2014, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. J.P.Morgan Mutual Fund vide SCN ref. A&E/EAD-3/SBM-ASR/17317/2015 dated June 23, 2015.
10. This order is without prejudice to the right of SEBI to take enforcement actions 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.
11. This settlement order is passed on the **29th day of March, 2017** and shall come into force with immediate effect.
12. In terms of Regulation 17 of the Settlement Regulations, 2014, copies of this order are being sent to the applicant viz. J.P.Morgan Mutual Fund and also to the Securities and Exchange Board of India.

**Place: Mumbai**  
**Date: March 29, 2017**

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