

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA  
MUMBAI**

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY  
HSBC INVESTDIRECT SECURITIES (INDIA) LTD.  
(PAN No. AABC14793G)**

**IN THE MATTER OF  
HSBC INVESTDIRECT SECURITIES (INDIA) LTD.**

**(CONSENT APPLICATION NO. 1202 OF 2009)**

1. M/s HSBC InvestDirect Securities (India) Limited (Formerly known as IL&FS Investsmart Securities Limited), registered with SEBI as a Stock broker of BSE [Registration no.s (BSE Cash-INB011328433) & (BSE F&O-INF011328433)] and NSE [Registration no.s (NSE Cash-INB231324238) & (NSE F&O-INF231324238)] has *suo moto* filed consent application dated March 17, 2009 in terms of SEBI Circular No. EFD/ED/Cir.-1/2007 dated April 20, 2007, seeking settlement of enforcement actions if any, for not segregating its own funds/securities from the clients funds/securities, failure to deliver securities & making payments to the investors, misuse of client funds & securities etc., which may attract provisions of Section 23D of the Securities Contract Regulations Act, 1956, Regulations 26 (vi), (xiii) and 27 (viii) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992, Code of Conduct for stock brokers specified in schedule II read with Regulation 7 of SEBI

(Stock Brokers and Sub Brokers) Regulations, 1992, and Section 15F(B) of SEBI Act, 1992.

2. The applicant proposed revised terms of consent vide letter dated December 10, 2009. The High Powered Advisory Committee constituted by SEBI considered the terms proposed by the applicant and recommended the case for settlement. As per the terms of settlement, the applicant shall undertake that it will reverse all credits wrongly given to clients, reinstate the debtors and buy back the excess shares sold, reconcile the excess shares, restore the same to the clients within a period of 2 years in the matter and on payment of Rs. 40,00,000/- (Rupees Forty Lakh only) as settlement charges. SEBI accepted the said terms of settlement and communicated to the applicant vide letter dated April 19, 2010.
3. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has submitted an undertaking dated May 03, 2010 as recommended by the High Powered Advisory Committee and remitted a sum of Rs. 40,00,000/- (Rupees Forty Lakh only) vide demand draft No. 424802 dated May 03, 2010 drawn on HDFC Bank, Mumbai towards the settlement charges.
4. In view of the above, it is hereby ordered that SEBI shall not initiate any enforcement action against the applicant for the aforesaid violations in the matter of M/s HSBC InvestDirect Securities (India) Limited (Formerly known as IL&FS Investsmart Securities Limited). This is without prejudice to the right of SEBI to take appropriate enforcement action against the applicants if:
  - a. any representation made by the applicants in the consent proceedings is subsequently discovered to be untrue.

- b. the applicants breach any of the clauses/conditions of undertakings/ waivers filed during the current consent proceedings with SEBI.
- 5. A copy of the order shall be served on the Bombay Stock Exchange Limited and National Stock Exchange Limited where the applicant is a Stock broker.
- 6. This consent order is passed on the 18<sup>th</sup> day of May, 2010 and shall come into force with immediate effect.

**K. M. ABRAHAM**  
**WHOLE TIME MEMBER**

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**