

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

SETTLEMENT ORDER NO. EAD-5/BS/48-50/2017-18

Sr. No.	Name of the Applicant	PAN	Application No.
1.	Principal Mutual Fund	AAATP6607N	3277/2017
2.	Principal Trustee Company Pvt. Ltd.	AADCP2274K	3275/2017
3.	Principal Pnb asset Management Company Pvt. Ltd.	AAACI9361B	3276/2017

1. Securities and Exchange Board of India (**SEBI**) initiated adjudication proceedings against Principal Mutual Fund, Principal Trustee Company Pvt. Ltd. and Principal Pnb asset Management Company Pvt. Ltd. (*hereinafter referred to as “Applicants”*) and vide order dated January 13, 2017, Shri S.V. Krishnamohan was appointed as the Adjudicating Officer to inquire into and adjudge under Sections 15D(b) and 15HB of the Securities and Exchange Board of India Act, 1992 (*hereinafter referred to as “SEBI Act”*), the alleged violation of Regulations 10 (a) and 52(6)(c) of SEBI (Mutual Fund) Regulations, 1996 (*hereinafter referred to as “Mutual Fund Regulations”*) by the Applicants for the alleged violations pertaining to Total Expense Ratio (**TER**) and breach of maximum permissible TER limits.
2. Accordingly, a common Show Cause Notice Nos. EAD-5/ ADJ/SVKM/ DS/OW/7420/1/2017, EAD-5/ADJ/SVKM/DS/OW/7421/1/2017 and EAD-5 /ADJ/SVKM/DS/OW/7422/1/2017 dated March 31, 2017 (“**SCN**”) was issued to the Applicants under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (*hereinafter referred to as “Rules”*) alleging that the Applicants had miscalculated the TER in the books of accounts therefore resulting in

breach of maximum permissible TER as per Regulations 10 (a) and 52(6)(c) of Mutual Fund Regulations.

3. While the adjudication proceedings pursuant to the said SCN were in progress, Applicants, had submitted an applications dated May 23, 2017 with SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (*hereinafter referred to as the “Settlement Regulations, 2014”*) proposing to settle, through settlement order, the aforementioned adjudication proceedings for the alleged violations.
4. The settlement terms as proposed by the Applicants were considered by the Internal Committee on September 26, 2017 and were placed before the High Powered Advisory Committee (HPAC) on February 26, 2018. The recommendation of HPAC were approved by a panel of the Whole Time Members of SEBI on March 14, 2018 and the same was communicated to the Applicants by SEBI vide email dated March 14, 2018.
5. Accordingly, the Applicants vide letter dated March 23, 2018 forwarded the Demand Drafts (DD) towards the settlement charges, drawn on IDBI Bank payable at Mumbai as under :-

Sr. No.	DD No. and Date	Applicant Name	Amount in Rs.
1.	DD no. 012236 dated March 23, 2018	Principal Mutual Fund	25,90,000/-
2.	DD no. 012237 dated March 23, 2018	Principal Pnb Asset Management Company Pvt. Ltd.	25,90,000/-
3.	DD no. 012238 dated March 23, 2018	Principal Trustee Company Pvt. Ltd.	25,90,000/-

6. The undersigned has been appointed as Adjudication Officer in the present matter vide order dated September 15, 2017 in the place of Shri S.V. Krishnamohan.
7. In view of above, in terms of Regulation 15(1) of Settlement Regulations, 2014, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the Applicants namely Principal Mutual Fund, Principal Trustee Company Pvt. Ltd. and Principal Pnb asset Management Company Pvt. Ltd. vide Show Cause Notice Nos. EAD-5/ADJ/SVKM/DS/OW/7420/1/2017, EAD-5/ADJ/SVKM/DS/OW/7421/1/2017 and EAD-5/ADJ/SVKM/DS/OW/7422/1/2017 dated March 31, 2017.
8. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which this settlement order was passed against the Applicants, if :
- i. any representation made by the Applicants in the settlement proceedings is subsequently found to be untrue; or
 - ii. the Applicants breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
9. In terms of Regulation 17 of Settlement Regulations, 2014, a copy of this order is being sent to the Applicants and for publication on the website of SEBI.

Date : March 28, 2018
Place : Mumbai

Biju. S
Adjudicating Officer