

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

On the Application submitted by

The South Indian Bank Ltd.

In the matter of inspection of books and accounts and other records of

The South Indian Bank Ltd. (Depository Participant)

(Consent Application No.1646/2009)

CO/MIRSD-DPS2/1646/AO/BR/001/2010

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an inspection of books and accounts and other records of the South Indian Bank Limited (hereinafter referred to as "**Noticee**"), a depository participant of Central Depository Services (India) Limited (hereinafter referred to as "**CDSL**") during the period September 29, 2008 to October 1, 2008. SEBI in the course of inspection found various discrepancies. Therefore, adjudication proceedings were initiated against the Noticee under sections 19H of Depositories Act, 1996 (hereinafter referred to as "**the Act**") to inquire and adjudge the alleged violation of sections 14 (3), 19 D and 19G of the Act and violations of Regulations 42(2), 42 (3), 49 (C), 54 (4), clauses 1,2,3,4, 15 and 16 of the code of conduct prescribed under Regulation 20A of SEBI (Depositories and Participants) Regulations, 1996 and various circulars issued by SEBI and CDSL Bye laws and Operating Instructions. Consequently, a Show Cause Notice No. BR/181568/2009 dated October 30, 2009 was issued under rule 4 of Depositories (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 read with section 15H of the Act.
2. While the Adjudication Proceedings were in progress, the Noticee made an application dated November 17, 2009 and 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. Vide said consent application dated November 17, 2009, the Noticee proposed that it was willing to pay a sum of Rs.50,000/- (Rupees Fifty Thousand only) towards settlement charges in the matter without admitting or denying the guilt and subject to clauses of the undertakings and waivers. Further, the Noticee vide letter dated January 14, 2010 proposed revised consent terms, submitting that it was willing to pay a sum of Rs.2,50,000/- (Rupees Two Lakh Fifty Thousand only). The revised terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as ‘HPAC’) on January 27, 2010. The HPAC considered the facts and circumstances of the case, consent terms offered by the Noticee and the material brought before it by SEBI and recommended that the case may be settled on payment of Rs.2,50,000/- (Rupees Two Lakh Fifty Thousand only) towards settlement charges in the matter.

3. SEBI vide letter dated March 12, 2010 communicated to the Noticee its acceptance of the consent terms proposed by the Noticee. Accordingly, the Noticee has remitted a sum of Rs.2,50,000/- (Rupees Two Lakh Fifty Thousand only), vide Demand Draft No.564203 dated March 20, 2010 drawn on The South Indian Bank Limited, Mumbai towards the terms of consent in the matter.
4. In view of above, it is hereby ordered that,
 - i) This consent order disposes of the said proceedings pending against the Noticee under the Act and
 - ii) Passing of this order is without prejudice to the right 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.
- 5. This consent order is passed on March 31, 2010 and shall come into force with immediate effect.

B. Rajendran
Adjudicating Officer