

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

**SETTLEMENT ORDER
(Application No.7084/2023)**

On the application submitted by

J.P. Morgan Chase Bank N.A.

(PAN: **AAACT5545N**)

SETTLEMENT ORDER NO. SO/AS/AK/2023-24/7084

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had received a letter/email dated August 09, 2021 from the Designated Depository Participant – J.P. Morgan Chase Bank N.A. (hereinafter referred to as '**JPMC/Noticee**') wherein SEBI was informed about the delay in intimation of change in material information (i.e., Merger) of Fidelity Investments Money Management Inc. (hereinafter referred to as '**FIMM**'), which was registered as FPI, with its affiliate Fidelity Management & Research Company LLC (hereinafter referred to as '**FMRC**'). Pursuant to receipt of the communication, SEBI conducted an examination regarding the delay in intimation of change in material information.
2. Pursuant to the examination, it was observed that the merger of FIMM with FMRC resulted in cessation of FIMM, the entity which was registered as FPI. However, after merger, the surviving entity i.e., FMRC, which had not obtained FPI registration, operated in the Indian securities market under the name, accounts and FPI registration of FIMM. It was further observed that JPMC failed to prevent FMRC from trading in securities market despite having material on record that indicated that FIMM had merged into FMRC and FMRC

did not have a valid FPI registration. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violating the provisions of the following Regulations:

Noticee	Alleged violation	Adjudication under provisions
J.P. Morgan Chase Bank N.A.	Regulations 31 (1) (e) and 31 (2) (e) read with 31 (1) (a) of the SEBI (FPI) Regulations, 2019	Section 15HB of the SEBI Act, 1992
	Clause (ii) of Para 15 of Part A of the OG read with 31 (1) (a) of the SEBI (FPI) Regulations, 2019	

- SEBI appointed the undersigned as the Adjudicating Officer, vide communiqué dated August 23, 2022, under Section 15-I (1) of the SEBI Act read with Rule 3 of **Adjudication Rules** to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act, for the violations alleged to have been committed by the Noticee.
- Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with Section 15-I of SEBI Act, the notice to show cause no. SCN/SEBI/EAD8/AS/AK/49750/2/2022 dated September 23, 2022 (hereinafter referred to as '**SCN**') and Supplementary Show Cause Notice No. SEBI/EAD8/AS/AK/64746/2/2022 dated December 29, 2022 (hereinafter referred to as '**SSCN**') was issued to the Noticee.
- Pending adjudication proceedings, JPMC filed a Settlement Application bearing reference no.7084/2023 with SEBI in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as 'Settlement Regulations') proposing to settle the pending proceedings through a Settlement Order without admitting or denying the findings of fact and conclusions of law, through a settlement order.
- Pursuant to the above mentioned settlement application filed by JPMC, Authorized Representatives (ARs) of JPMC attended meetings with the

Internal Committee (hereinafter referred to as “IC”) on February 16, 2023, wherein the settlement terms were deliberated and the IC considered the proposed settlement terms and recommended the settlement of instant proceedings upon payment of Rs. 22,10,000 (Twenty Two Lakh Ten Thousand only). Thereafter, the concerned department *inter alia* communicated to JPMC the settlement terms along with the recommended amount of Rs.22,10,000 (Twenty Two Lakh Ten Thousand only) towards settlement of instant proceedings. Thereafter, JPMC vide Revised Settlement Terms (“RST”) dated February 24, 2023, proposed Settlement amount upon payment of Rs. 22,10,000 (Twenty Two Lakh Ten Thousand only) towards full and final settlement of alleged default contained in the SCN and SSCN.

7. The High Powered Advisory Committee on Settlement ('HPAC') considered the proposed settlement terms on April 13, 2023 and recommended the settlement of instant proceedings upon payment of Rs. 22,10,000 (Twenty Two Lakh Ten Thousand only) towards settlement charges. The Panel of Whole Time Members of SEBI approved and accepted the said recommendation of the HPAC on May 08, 2023 and the same was communicated to the JPMC vide e-mail dated June 09, 2023. Pursuant to the same, JPMC vide its e-mail dated June 15, 2023 informed SEBI about the remittance of the settlement amount and the same was confirmed by the concerned department of SEBI.
8. Accordingly, in terms of regulation 23(1) of the Settlement Regulations, it is hereby ordered that the instant adjudication proceedings initiated against JPMC vide SCN dated September 23, 2022 and SCCN Dated December 29, 2022 is disposed of in terms of the above accepted settlement terms.
9. This order is without prejudice to the right of SEBI to take any enforcement action, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which this settlement order is passed, against JPMC, if:

- a. any representations made by JPMC in the Settlement Proceedings is subsequently found to be untrue; or
- b. JPMC breaches any of the clauses /conditions of undertakings/ waivers filed during the Settlement Proceedings.

10. This settlement order passed on this 7th Day of July, 2023 shall come into force with immediate effect.

11. In terms of Regulation 25 of the Settlement Regulations, copy of this order is sent to **JPMC** and also to the Securities and Exchange Board of India.

Date: July 07, 2023
Place: Mumbai

ASHA SHETTY
ADJUDICATING OFFICER