

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

[Settlement Order No: AA/EAD-1/01/2019-20]

SETTLEMENT ORDER
(Application No. 3516/2018)

On the application submitted by

PhillipCapital (India) Private Limited

In the matter of PhillipCapital (India) Private Limited

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), initiated adjudication proceedings against PhillipCapital (India) Private Limited (hereinafter referred to as "**applicant**") in the matter of PhillipCapital (India) Private Limited (hereinafter referred to as "**PC IPL**") to inquire into and adjudge under Section 23H of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**') and 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the violations of SEBI Circular No. MIRSD/SE/Cir-19/2009 dated December 03, 2009 read with NSE Circular NSE/INSP/24849 dated October 29, 2013, rule 8 (1) (f) and (3)(f) of Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as '**SCRR**'), SEBI Circular No. SMD/Policy/Cir-6/97 dated May 07, 1997, NSE Circular NSE/INSP/20638 dated April 26, 2012 and clause A(5) of the code of conduct specified under schedule II read with regulation 9 read with 26 (xvi) and 26 (xx) of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as '**Stock Brokers Regulations**'), pursuant to an inspection carried out by it.
2. The Competent Authority, SEBI, vide an order of dated November 17, 2016, appointed Ms. Rachna Anand as the Adjudicating Officer under

SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'SEBI AO Rules') and SCRA (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 (hereinafter referred to as 'SCRA AO Rules') to inquire into and adjudge the aforesaid alleged violations. Pursuant to the transfer of Ms. Rachna Anand, the case was transferred to Shri Suresh B Menon vide order and communique dated May 10, 2018. Subsequent to the transfer of Shri Suresh Menon, the undersigned has been appointed as the Adjudicating Officer in the matter vide order dated March 18, 2019.

3. An Show Cause Notice E&AO/RA/JP/3959/2018 dated February 06, 2018 (hereinafter referred to as '**SCN**') was issued to the applicant and the following allegations were leveled against the applicant in the SCN:-
 - i. Non – settlement of Funds less than ₹ 2,000 of Inactive Clients,
 - ii. Non – settlement of Funds of Active Clients,
 - iii. Delay (substantially more than 90 days) in Settlement of Fund and
 - iv. Usage of Noticee's Fund for financing Client trading and Collecting Charges from the Clients in the form of Delayed Payment Charges

Therefore, it was alleged that the applicant had violated the provisions of SEBI Circular No. MIRSD/SE/Cir-19/2009 dated December 03, 2009 read with NSE Circular NSE/INSP/24849 dated October 29, 2013, SEBI circulars dated November 18, 1993, rule 8(1)(f) and 8(3)(f) of SCRR, SEBI Circular No. SMD/Policy/Cir-6/97 dated May 07, 1997, NSE Circular NSE/INSP/20638 dated April 26, 2012 and clause A(5) of the code of conduct specified under schedule II read with regulation 9 read with 26 (xvi) and 26 (xx) of the Stock Broker Regulations.

4. During the pendency of proceedings before the AO, the applicant filed an application dated March 26, 2018 for settlement (Application No. 3516/2018) in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as “**Settlement Regulations, 2014**”) which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as “**Settlement Regulations, 2018**”). The applicant in its application without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the instant adjudication proceedings.
5. Pursuant to the above mentioned application for settlement made by the applicant, the Authorized Representatives of the applicant, attended a meeting before the Internal Committee (hereinafter referred to as ‘**IC**’) on January 15, 2019, wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated January 24, 2019, proposed the revised settlement terms to settle the alleged defaults mentioned above.
6. The terms of settlement were placed before the High Powered Advisory Committee (hereinafter referred to as ‘**HPAC**’) on March 4, 2019. The HPAC, after considering the facts and circumstances of the case, terms of settlement offered by the applicant and also the material made available before it, by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of ₹ 51,00,000/- (Rupees Fifty One Lakh Only) as settlement amount towards the settlement terms. The HPAC also recommended that the settlement may only be considered upon receipt of an undertaking from the applicant that the defaults alleged in the SCN have been rectified and none of the defaults continue as on date. The Panel of Whole Time Members of SEBI approved the said recommendation of

HPAC on March 29, 2019 and the same was communicated to the applicant vide email dated April 4 & 24, 2019.

7. The applicant vide letter dated April 10, 2019 has remitted a sum of ₹ 51,00,000/- (Rupees Fifty One Lakh Only) towards the settlement charges through Demand Draft No. 099821 dated April 09, 2019 drawn on ICICI Bank. The applicant also submitted an undertaking dated April 30, 2019 stating that the defaults alleged in the SCN have been rectified and none of the defaults continue as on date.
8. In view of the above, and in terms of Regulations 23(1) and Regulation 34 of the Settlement Regulations, 2018, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceeding initiated against the applicant, viz. PhillipCapital (India) Private Limited vide the aforesaid SCN.
9. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect of which the settlement order is being 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.
10. This settlement order is passed on the **9th day of May, 2019** and shall come into force with immediate effect.
11. In terms of Regulation 25 of the Settlement Regulations, 2018, copy of this order is being sent to the applicant viz. PhillipCapital (India) Private

Limited and is also being published on the website of Securities and Exchange Board of India.

Place: Mumbai
Date: May 09, 2019

ANITHA ANOOP
ADJUDICATING OFFICER