

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
Settlement Order No: SM/EAD-9/ 272 /2018-19

SETTLEMENT ORDER

On the Application No. 3340/2017 submitted by M/s TR Capital Ltd

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), had conducted inspection of M/s TR Capital Ltd, SEBI registered Depository Participant (hereinafter referred to as “**the applicant**”) during December 10-12, 2013. It was observed that the applicant had kept blank and signed Delivery Instruction Slip (hereinafter referred to as “DIS”) of a client and executed transactions without DIS. It also failed to maintain the proof of dispatch of holding and transactions statements to clients and maintain arms length relationship between its broking activity and operations as Depository Participant, thus, the applicant was alleged to have violated Regulation 49(1)(c) of SEBI (Depositories and Participants) Regulations, 1996. (hereinafter referred to as the “**DP Regulations**”) and Instructions 16.4 and 16.8 of Central Depository Services (India) Limited (hereinafter referred to as the CDSL) and Clause(s) 1, 3, 4, 11, 16 and 20 of Third Schedule of the Code of Conduct for Participants read with Regulation 20AA of DP Regulations. Hence, SEBI initiated adjudication proceedings on May 13, 2015 against the applicant under Section 19H of Depositories Act, 1996 for alleged aforesaid violations.
2. Mr. D. S. Reddy was appointed as Adjudicating Officer vide order dated May 13, 2015 (communicated to the Adjudicating Officer vide communique dated June 22, 2016) under Section 19H of the Depositories Act read with Rule 3 of the Depositories (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 to inquire into and adjudge under the

provisions of Section 19G of the Depositories Act, 1996. Subsequently, vide order dated May 18, 2017, the undersigned has been appointed as Adjudicating Officer in the present matter.

3. Show Cause Notice no. SEBI/EAD/SM/EE/16380/2017 dated July 13, 2017 (hereinafter referred to as '**SCN**') was issued to the applicant. In the SCN it was alleged that the applicant had violated Regulation 49(1)(c) of DP Regulations and Instructions 16.4 and 16.8 of CDSL and Clause(s) 1, 3, 4, 11, 16 and 20 of Third Schedule of the Code of Conduct for Participants read with Regulation 20AA of DP Regulations.
4. While the adjudication proceedings were initiated, the applicant submitted Application for settlement of the proceedings, in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as '**Settlement Regulations**') to SEBI.
5. Pursuant to the above mentioned Settlement Application made by the applicant, the authorized representative had a meeting with the Internal Committee (hereinafter referred to as "**IC**") of SEBI held on June 04, 2018. During the aforesaid meeting, the settlement terms of Rs. 10,20,000/- (Rupees Ten Lakh Twenty Thousand only) calculated as per the Settlement Regulations.
6. The settlement terms as proposed by the authorized representative was considered by the IC and placed before the High Powered Advisory Committee (hereinafter referred to as "**HPAC**") held on July 16, 2018, HPAC while deliberating the matter had raised certain queries. Accordingly, the information was sought from the applicant. The applicant vide e-mail dated December 31, 2018 provided the desired information.
7. The raised queries along with settlement terms was put up to HPAC held on January 30, 2019. The HPAC, after considering the facts and

circumstances of the case, settlement terms offered by the applicant and also the materials made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of Rs. 10,20,000/- (Rupees Ten Lakh Twenty Thousand Only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on March 11, 2019 and the same was communicated to the applicant vide e-mail dated March 13, 2019.

8. The applicant vide letter dated March 16, 2019 has remitted a sum of Rs. 10,20,000/- (Rupees Ten Lakh Twenty Thousand Only) towards the settlement charges through Demand Draft No. 051729 dated March 16, 2019 drawn on HDFC Bank Limited favouring SEBI towards the terms of settlement in the matter.
9. In view of the above, in terms of Regulation 15(1) of the Settlement Regulations, 2014, read with Regulations 23(1) of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "Settlement Regulations, 2018), it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceeding initiated against the applicant viz. **M/s TR Capital Ltd** vide SCN dated July 13, 2017.
10. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order was 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.
11. This settlement order is passed on the **22nd day of March 2019** and shall come into force with immediate effect.

12. In terms of Regulation 17 of the Settlement Regulations, 2014, read with Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, copy of this order are being sent to the applicant viz. **M/s TR Capital Ltd** and also to the Securities and Exchange Board of India..

Place: Mumbai

SAHIL MALIK

Date: March 22, 2019

ADJUDICATING OFFICER