

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

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

DSP Merrill Lynch Ltd.

[Merchant Banker, SEBI Regn. No. INM000002236]

CO/MIRSD-III/1207-2009/AO/SD/01/2010

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had initiated adjudication proceedings against DSP Merrill Lynch Ltd. (hereinafter referred to as the 'Noticee') to enquire into and adjudge under Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') the alleged violation of various provisions of the SEBI (Merchant Bankers) Regulations, 1992 and SEBI (Disclosure & Investor Protection) Guidelines, 2000 issued under the SEBI Act, by the Noticee as it prima facie appeared that the Noticee had not exercised due-diligence with reference to certain disclosures in offer documents; had not exercised due-diligence with reference to disclosures pertaining to allocation of shares to QIBs; did not make adequate disclosures while providing bidding facilities through alternate modes; had failed to fulfill their obligations in a professional and diligent manner; had failed in their assigned duties as post-issue lead manager to the public issues and had not properly monitored the flow of applications and other matters pursuant to closure of public issues.
2. Ms. G. Babita Rayudu, the Adjudicating Officer, issued a show cause notice bearing No. EAD/GBR/84225/07 dated January 09, 2007 under Rule 4 of the SEBI (Procedure for Holding Enquiry & Imposing Penalties

by Adjudicating Officer) Rules, 1995 to the Noticee, for the said alleged violations by the Noticee.

3. Consequent to Ms. G. Babita Rayudu proceeding on deputation out of SEBI, the undersigned was appointed as the Adjudicating Officer in the instant matter vide Order dated November 23, 2007.
4. Pending the adjudication proceedings, the Noticee filed a consent application dated February 16, 2009 in the prescribed format in terms of SEBI Circular No. EFD/ED/Cir.-1/2007 dated April 20, 2007 in the said matter. Pursuant to the said application, the Noticee vide letter dated October 06, 2009 proposed revised consent terms whereby it proposed to pay Rs.30,50,000/- (Rupees Thirty Lakh Fifty Thousand Only) towards settlement terms in the said matter. The terms as proposed by the Noticee were placed before the High Powered Advisory Committee (HPAC) meeting held on November 03, 2009 and after considering the facts and circumstances of the case and material put forth before the HPAC by SEBI, the HPAC recommended that the case may be settled on payment of Rs.30,50,000/- (Rupees Thirty Lakh Fifty Thousand Only) towards settlement charges, as proposed. Vide SEBI letter dated December 10, 2009 it was communicated to the Noticee that SEBI had in principle agreed to accept the recommendations of HPAC, subject to the clauses of Undertakings/Waivers submitted by the Noticee vide its abovementioned application.
5. In terms of the Noticee's proposal for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the Noticee to the finding of fact or conclusion of law, the Noticee has remitted a total sum of Rs.30,50,000/- (Rupees Thirty Lakh Fifty Thousand Only) vide Demand Draft No. 658026 dated December 18, 2009 drawn on Citibank, towards the terms of consent in the matter.

6. In view of the above, it is hereby ordered that:

I. this consent order disposes of the said adjudication proceedings pending against the Noticee under the SEBI 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 representations made by the Noticee in the consent proceedings are subsequently discovered to be untrue.

b) the Noticee has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.

7. This consent order is passed on the 12th day of January, 2010 and shall come into force with immediate effect.

PLACE: MUMBAI

SANDEEP DEORE
ADJUDICATING OFFICER