

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

Consent Order. HO1/CO/MIRSD/1594/AO/SK/01/2010

CONSENT ORDER

(Consent Application No.1594/2009)

ON THE APPLICATION SUBMITTED BY

DEVELOPMENT CREDIT BANK LIMITED

(SEBI Registration No. IN-DP-CDSL-310-2005)

PAN: AAACD1461F

IN THE MATTER OF

DEVELOPMENT CREDIT BANK LIMITED

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide order dated July 03, 2009 appointed the undersigned as Adjudication Officer against **M/s. Development Credit Bank Ltd.** (hereinafter referred to as the '**Noticee**'), (having its address at 301, Trade Plaza, 414, Veer Savarkar Marg, Prabhadevi, Mumbai-400025) to inquire into and adjudge under Rule 4 (3) of Depositories (Procedure for Holding Enquiry and Imposing Penalties by Adjudication Officer) Rules, 2005, Section 19H of Depositories Act 1996 and Section 15I of the Securities and Exchange Board of India Act, 1992, for alleged violations of-
 - a. Section 19D and 19G of the Depositories Act, 1996
 - b. Regulation 42(2), 54(4), Clause 4, 15 and 16 of Code of conduct prescribed under Regulation 20A of SEBI (Depositories and Participant) Regulations, 1996
 - c. SEBI circular No.MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004
 - d. SEBI circular No.MRD/DoP/Dep/SE/Cir-22/2006 dated December 18, 2006
 - e. Clauses 5.3.3 & 13.8.1 of CDSL Byelaws and Clause 7.1.3 of Annexure B to CDSL byelaws

- f. CDSL communiqué no. 278 dated June 11, 2003
- g. CDSL Operating instruction nos. 2.2.3, 2.4.6, 2.4.15, 2.4.25, 3.4, 3.4.2, 16.3, 10.5.3, 8.5.2 & 4.4.15

In this connection, a show cause notice ISD/SK/SA/SCN/175571/2009 dated September 3, 2009 was issued to the Noticee. The noticee on October 14, 2009 submitted a reply through email at sunilk@sebi.gov.in and sumit@sebi.gov.in to the above said show cause notice refuting the charges however on October 15, 2009 noticee intimated that it has filed a consent application to the Division of Regulatory Actions and therefore the said proceedings may be kept in abeyance until the proceedings under consent are completed.

2. Pending adjudication proceedings, the Noticee made an application dated October 15, 2009 (Consent application Regn. No. 1594 of 2009) and an undertaking in the format prescribed by SEBI for settlement in the matter in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. Subsequently, the Noticee vide its letter dated December 12, 2009 had proposed revised consent terms of Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand only) towards settlement charges. The consent terms were placed before the High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) on January 7, 2010 and the HPAC, in its deliberations considered the facts and circumstances of the case, the proposed settlement terms offered by the Noticee and the other material brought before the HPAC and recommended the case for settlement on the consent terms proposed by the Noticee.
3. In terms of the proposal of the Noticee 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 findings of fact or conclusions of law, the Noticee has remitted a sum of Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand only) favoring Securities and Exchange Board of India vide Demand Draft No. 828822 dated 11/02/2010 drawn on Development Credit Bank Ltd, towards the settlement charges in terms of consent settlement.
4. In view of the above, it is hereby ordered that:
 - i. this consent order disposes of the said adjudication proceedings initiated against the Noticee under SEBI Act, 1992, 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.
5. This consent order is passed on the 02nd day of March 2010 and shall come into force immediately.
6. In terms of Rule 6 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, copies of this order are being sent to Development Credit Bank Limited and also to the Securities and Exchange Board of India, Mumbai.

Place : Mumbai
Date : March 02, 2010

SUNIL JAYWANT KADAM
ADJUDICATING OFFICER