

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

**ON THE APPLICATION SUBMITTED BY
RBS ASIA LIMITED
(FORMERLY KNOWN AS ABN AMRO ASIA LIMITED)**

**IN THE MATTER OF
MARKET MOVEMENT ON MAY 17, 2004**

(CONSENT APPLICATION NO. 1838/2010)

1. Securities and Exchange Board of India (SEBI) had conducted investigations in the matter of sharp fall in the Indian stock market on May 17, 2004. The investigations, prima facie, revealed that, RBS Asia Limited, (formerly known as ABN Amro Asia Limited and hereinafter referred to as the 'applicant') having its registered office at 38/F, Cheung Kong Centre, 2, Queen's Road Central, Hongkong, was among the top 10 Foreign Institutional Investors (FIIs) which had traded on the said day through its sub account – ABN Amro Asia (Mauritius) Limited – Class D and ABN Amro Asia (Mauritius) Limited – Class B. It is alleged that the applicant failed to exercise due diligence in respect of registration of clients, issued Participatory Notes (P-Notes) without complying with the Know Your Client (KYC) norms, undertook short sales which is not permitted to FIIs in two scrips and failed to provide client information to SEBI. It is therefore, alleged that the applicant had violated Regulations 7A (2), 15(3)(a), 15A (1) and (2), 20 and 20A of the SEBI (Foreign Institutional Investors) Regulations 1995.
2. Pursuant to the investigations, SEBI initiated Enquiry proceedings under Regulation 6(1) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 and issued a Show Cause Notice dated May 20, 2005. The applicant, vide its letter dated August 19, 2005, replied to the

Show Cause Notice and attended a personal hearing before the Enquiry Officer on March 9, 2007.

Subsequently, Adjudication proceedings were also initiated against the applicant under Chapter VI A of the SEBI Act, 1992. The Adjudicating Officer (AO) issued a Show Cause Notice dated November 28, 2006 to which the applicant replied on December 15, 2006. The applicant also attended a personal hearing before the AO on March 9, 2007.

3. While the above proceedings were in progress, the applicant vide letter dated February 3, 2010 proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. It proposed revised consent terms vide letter dated April 27, 2010. The High Powered Advisory Committee (HPAC), constituted by SEBI, recommended the case for settlement on payment of Rs. 60,00,000 (Rupees sixty lakhs only) towards settlement charges for settling the aforesaid enforcement actions. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated June 4, 2010.
4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs. 60,00,000 (Rupees sixty lakhs only) towards settlement charges vide pay order No. 212355 dated 10/06/2010 drawn on ABN Amro Bank N.V. and payable at Mumbai.
5. In view of the above, it is hereby ordered that this consent order disposes of the pending enquiry as well as the adjudication proceedings against the applicant in the matter of market movement on May 17, 2004.
6. This order is without prejudice to the right of SEBI to initiate enforcement actions, including reopening of the proceedings pending against the applicant, if:

- a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
7. This consent order is passed on this day, the 24th of June 2010 and shall come into force with immediate effect.

K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER