

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

SETTLEMENT ORDER

[SETTLEMENT ORDER NO.: SO/AN/RG/2024-25/7704]

In respect of:

Settlement Application No.	Name of Applicant	PAN
7704/2024	Citibank N.A. (DDP)	AAACC0462F

In the matter of Inspection of Citibank N.A. - DDP

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") initiated adjudication proceedings, under Section 15-I of the SEBI Act, 1992 against Citibank N.A. (hereinafter also referred to as 'Applicant/ Noticee/ Citi/ DDP'), for the alleged violation of provisions of Regulation 32 (1) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (hereinafter also referred to as "SEBI (FPI) Regulations, 2019" / "FPI Regulations"), Clause 3 of Code of Conduct of Third Schedule provided under Regulation 37 of SEBI (Depositories and Participant) Regulations, 2018 & Para 2 of Part A & Para 8 of Part A of Operational Guidelines, arising out of inspection conducted by SEBI, in the matter of inspection of Citibank N.A. (DDP).
2. Vide communique dated February 02, 2024, SEBI appointed the undersigned as the Adjudicating Officer ("AO") under Section 19 read with Section 15 I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred to as "Adjudication Rules"), to inquire into and adjudge under section 15HB of the SEBI Act, 1992, the alleged violations in respect of the Noticee.

3. A Show Cause Notice No. SEBI/EAD-5/AN/RG/5760/1/2024 dated February 09, 2024 (“SCN”) was issued to the Noticee in terms of provisions of Rule 4 of the Adjudication Rules, calling upon to show cause why an inquiry should not be held and penalty not be imposed, under Section 15HB of SEBI Act, for the alleged violation of provisions of Regulation 32 (1) of FPI Regulations, Clause 3 of Code of Conduct of Third Schedule provided under Regulation 37 of SEBI (Depositories and Participant) Regulations, 2018 & Para 2 of Part A & Para 8 of Part A of Operational Guidelines. Briefly stated, following was inter alia observed and alleged, in respect of the Noticee:
 - 3.1. Customer Acquisition Form (“CAF”) appeared to have been regenerated by the implementation team (“IM team”) and a member of the IM team had copied/replicated the end-client’s wet-ink signatures, without the knowledge of GC/end client.
4. Pending the Adjudication Proceedings, the Noticee filed Settlement Application, bearing Settlement Application No. 7704/2024 (hereinafter also referred to “said application” / “subject application”) with SEBI, proposing to settle the instant proceedings initiated against them vide SCN dated February 09, 2024, without admission or denial of the findings of fact and conclusions of law, having regard to the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter also referred to as “Settlement Regulations”).
5. In this regard, I note from the material available on record that the said application was inter alia placed before the Internal Committee of SEBI (hereinafter also referred to as the “IC”) in its meeting held on May 07, 2024. After deliberation, IC recommended ₹40,20,000/- (Rupees Forty Lakhs Twenty Thousand only) as the indicative amount computed in terms of Schedule II read with Regulation 10 of Settlement Regulations. The same was communicated by SEBI to the authorized representatives of the Noticee. The applicant was informed to inter alia submit Revised Settlement Terms (“RST”) along with the list of remedial measures undertaken subsequent to issuance

of SCN, within 15 working days from the date of the IC Meeting in terms of Regulation 13(2)(c) of SEBI (Settlement Proceedings) Regulations, 2018.

Thereafter, the Applicant submitted the Revised Settlement Terms (“RST”) vide letter dated May 15, 2024 along with list of remedial measures taken to enhance internal controls with regard to issues highlighted in the SCN. Vide RST dated May 15, 2024, the applicant proposed to offer ₹40,20,000/- (Rupees Forty Lakhs Twenty Thousand only) . Considering that the applicant was agreeable to pay the settlement amount as communicated by the IC, the case was recommended for placing before the High Powered Advisory Committee (“HPAC”) for its consideration.

Thereafter, the subject application was placed before the HPAC in its meeting held on June 14, 2024 and the HPAC inter alia agreeing with the recommendation of the IC, recommended that the request of the applicant for settlement may be accepted. Thereafter the matter was placed for the consideration of the Panel of Whole Time Members, SEBI, in terms of Regulation 14(3) of the Settlement Regulations. The recommendation of the HPAC in this regard was accepted by Panel of WTM's on July 25, 2024 and accordingly, applicant was informed about the recommendations on July 29, 2024. Subsequently, the applicant informed about the remittance of the settlement amount of ₹40,20,000/- (Rupees Forty Lakhs Twenty Thousand only) on August 01, 2024, the receipt of which was confirmed as per the material available on record.

6. In view of the receipt of settlement amount by SEBI, the instant Adjudication Proceedings initiated against the Noticee viz., Citibank N.A. - DDP vide aforesaid Show Cause Notice No. SEBI/EAD-5/AN/RG/5760/1/2024 dated February 09, 2024, are hereby disposed of in terms of Section 15JB of the SEBI Act, 1992 read with Regulation 23(1) of SEBI (Settlement Proceedings) Regulations, 2018.

7. The passing of this Settlement Order shall however be without prejudice to the rights of SEBI under Regulation 28 and 31 of the SEBI (Settlement Proceedings) Regulations, 2018, to initiate appropriate actions, including restoring or initiating the proceedings in respect of which this settlement order is passed against the Applicant, if:
 - 7.1. it comes to the notice of the Board that the applicant has not made full and true disclosure;
 - 7.2. applicant has violated the undertakings or waivers;
 - 7.3. there was a discrepancy while arriving at the settlement terms.
8. This Settlement Order shall come into force with immediate effect.
9. In terms of Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

DATE: August 27, 2024
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER