

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[SETTLEMENT ORDER No. SO/NH/RJ/2024-25/7414]**

In respect of:

Sr. No.	Settlement Application No.	Name of the Applicant	PAN
1.	7414/2023	ICICI Securities Limited	AAACI0996E

In the matter of inspection of ICICI Securities Limited - Merchant Banker

BACKGROUND

1. ICICI Securities Limited (hereinafter referred to as “**Applicant**”) has been registered with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) as a Merchant Banker. The registration number of the Applicant is INM000011179. SEBI had undertaken inspection of the Applicant on September 22-23, 2022 for the period April 01, 2020, to March 31, 2022 (hereinafter referred to as “**Inspection Period/IP**”).
2. Post the culmination of the aforesaid inspection, an inspection report (hereinafter referred to as “**IR**”) was prepared. The findings of the said inspection were communicated to the Applicant vide letter dated March 17, 2023 and email dated March 21, 2023. In response to the findings in the inspection report, the Applicant submitted a reply vide letter dated March 27, 2023.
3. Based on the findings of the Inspection conducted by SEBI and the response of the Applicant dated March 27, 2023 submitted to SEBI, certain non-compliances of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as “**ICDR Regulations**”) and SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as “**MB Regulations**”) were alleged. The extracts of the violations alleged to have been

committed by the Applicant and the corresponding provision of the securities law are tabulated below:

Table 1

Sr. No.	Alleged Violation	Regulatory Provisions
1.	Questionable Site Visit Reports.	Regulation 13 read with Clause 4 of Schedule III of MB Regulations
2.	Failure to undertake due diligence to ensure that the object of the issue was supported by documentary evidence.	Regulation 24 (3) of ICDR Regulations, 2018 and Regulation 13 read with Clause 4, 6, 7 and 20 of Schedule III of MB Regulations
3.	Contradictory statement in the DRHP and the News Article with respect to one of the objects of the issue.	Regulation 24 (3) of ICDR Regulations, 2018 and Regulation 13 read with Clause 4, 6, 7 and 20 of Schedule III of MB Regulations

APPOINTMENT OF THE ADJUDICATING OFFICER

4. SEBI had appointed the undersigned as the Adjudicating Officer (hereinafter referred to as “**AO**”) in the matter vide communique dated October 11, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”), read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”), to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act for the aforementioned violations of the provisions of law alleged to have been committed by the Applicant.

SHOW CAUSE NOTICE

5. A Show Cause Notice ref no. SEBI/HO/EAD2/NH/RJ/2023/44029/1 dated October 31, 2023 (hereinafter referred to as “**SCN/Notice**”) was served upon the Applicant in terms of Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Applicant and why penalty, if any, not be imposed on it in terms of the provisions of Section 15HB of the SEBI Act for the violations alleged to have been committed by the Applicant.
6. Consequent to the issuance of the SCN, the Applicant, vide letter dated November 13, 2023, submitted that a settlement application had been filed by the Applicant on November 09, 2023, requesting for settlement of the adjudication proceedings under the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).
7. Thereafter, the Applicant, vide letter dated January 12, 2024, submitted an additional reply to SCN. Further, the Noticee requested for inspection of documents, which was concluded on February 02, 2024.

SETTLEMENT PROCEEDINGS

8. Based on material available on record, it is noted that, pursuant to receipt of the Settlement Application, the authorised representatives of the Applicant had meetings with the Internal Committee of SEBI (hereinafter referred to as “**IC**”) on January 09, 2024 and January 19, 2024. The IC recommended Rs. 69,82,500/- (Rupees Sixty-Nine Lakhs Eighty-Two Thousand Five Hundred only) as the indicative amount. Thereafter, the Applicant, vide letter dated January 24, 2024, submitted the revised settlement terms, wherein the Applicant agreed to the settlement terms indicated during the IC.
9. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”), in its meeting held on March 04, 2024, considered the revised settlement terms proposed

by the Applicant. The HPAC recommended that the request of the Applicant for settlement may be settled upon payment of Rs. 69,82,500/- (Rupees Sixty-Nine Lakhs Eighty-Two Thousand Five Hundred only) as settlement amount, with a suggestion that the Applicant take appropriate action against the officers-in-default and inform SEBI of the same.

10. The recommendations of the HPAC were approved by a Panel of Whole Time Members (hereinafter referred to as “**WTMs**”) on April 19, 2024, and the same was communicated by SEBI to the Applicant vide email dated May 09, 2024. Subsequently, the Applicant, vide email dated May 10, 2024, informed SEBI about the remittance of the aforesaid settlement amount. The material on record confirms the receipt of the settlement amount. Further, the Applicant, vide email dated July 30, 2024, informed SEBI that it had issued caution letters to the officers-in-default. The said action taken by the Applicant against its officers-in-default was noted by the Panel of WTMs on August 09, 2024.

ORDER

11. Therefore, in view of the acceptance of the settlement terms, receipt of the amounts by SEBI and action taken against the officers-in-default as per the settlement terms as mentioned above, the instant adjudication proceedings initiated against the Applicant vide Show Cause Notice ref no. SEBI/HO/EAD2/NH/RJ/2023/44029/1 dated October 31, 2023 is disposed of in terms of Section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

12. This Settlement Order is, however, without prejudice to the right of SEBI to take actions under Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the Applicant, if –

12.1. Any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;

12.2. The Applicant have breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings and

12.3. There was a discrepancy while arriving at the settlement terms.

13. This Settlement Order is passed on this day of August 20, 2024, and shall come into force with immediate effect.

14. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

Date: August 20, 2024

Place: Mumbai

**N HARIHARAN
CHIEF GENERAL MANAGER
AND ADJUDICATING OFFICER**