

IL&FS Securities Services pays ₹7.8L to settle case with Sebi

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IL&FS SECURITIES SERVICES has settled with markets regulator Sebi a case of alleged violation of market norms in respect of its risk participation arrangement with IL&FS Financial Services.

The firm paid ₹7.8 lakh towards settlement charges, as per a settlement order issued on Wednesday.

IL&FS Securities Services is a clearing member of the National Stock Exchange and is also registered with Sebi, while IL&FS Financial Services is registered with the Reserve Bank of India as a non-banking financial company (NBFC).

IL&FS Securities Services had provided certain support services to IL&FS Financial Services other than its primary busi-

ness activities, the order noted.

The firms entered into a risk participation arrangement wherein IL&FS Securities Services agreed to proportionately provision for any loan account sourced by it, if such account became a special mention account or a non-performing account or was categorised as an account for which IL&FS Financial Services was subjected to provisioning.

As per the arrangement, the proportionate provision amount could be deducted from the service fees due to IL&FS Securities Services. If the provisioning amount was greater than the service fees, the provisioning amount could be deducted from any subsequent service fees due to IL&FS Securities Services or be required to be paid out by the firm pursuant to a notice by IL&FS Financial Services.