

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA  
CORAM: S. RAMAN, WHOLE TIME MEMBER**

**ORDER**

**Under Sections 11 and 11B of SEBI Act, 1992 read with Regulation 35 of SEBI (Intermediaries) Regulations, 2008 in respect of the Unregistered Sub-broking activities of Mrs. Reena Bansal (PAN: AHRPB9035G), wife of late Mr. Rajeev Bansal, Sub-broker affiliated to ICICI Securities Ltd.**

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1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") vide an *ad interim* order dated April 21, 2011 (hereinafter referred to as the "**interim order**") restrained Mrs. Reena Bansal (hereinafter referred to as the "**Noticee**") from buying, selling and dealing in the securities market in any manner whatsoever and prohibited her from accessing the securities market, directly or indirectly, either for herself or for her clients. The depositories; National Securities Depository Ltd. (**NSDL**) and Central Depository Services Ltd. (**CDSL**) were also directed not to give effect to any debit instruction in the demat accounts of Mrs. Reena Bansal or in the demat accounts of any beneficial owner on the authority of power of attorney obtained by her.
2. The Noticee was the wife of late Mr. Rajeev Bansal, who was a sub-broker affiliated to ICICI Securities Ltd. (hereinafter referred to as "**I-Sec**") and was a member of National Stock Exchange of India (**NSE**) and The Stock Exchange, Mumbai (**BSE**). The *interim order* was passed on the basis of the *prima facie* findings that the Noticee had acted as an unregistered sub-broker and had dealt in the securities on behalf of the clients without obtaining certificate of registration from SEBI and violated Regulation 11(1) of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as "**SEBI Broker and Sub-broker\_Regulations**") and Section 12(1) of the SEBI Act, 1992. The Noticee was provided 21 days time to file her reply and also to avail an opportunity of personal hearing, if she so desired.
3. The *interim order* sent to the Noticee vide letter dated April 21, 2011 at her last known address was returned undelivered with a remark '*shifted*'. In view of this, I-Sec, who was the broker of the Noticee, was also advised to serve the *interim order* upon the Noticee. I-Sec, vide letter dated May 24, 2011,

communicated to SEBI that it had couriered the *interim order* to Mrs. Reena Bansal at her address and enclosed a copy of the consignment tracker, which showed that the consignment was received by a person named "Reena". However no reply was received from the Noticee. In the intervening period, SEBI sent the *interim order* to the Noticee vide letter dated May 18, 2011. The same was, however returned undelivered with a remark 'left'.

- 3.1 As a measure of abundant caution, a newspaper advertisement was also issued on May 15, 2013 in 'The Times of India' (English Language - All editions) and *Vijay Karnataka/Prajavani* (Kannada Language - Karnataka Region) advising the Noticee to collect the *interim order* from SEBI and submit her reply, if any, within 14 days from the date of publication of the advertisement. Despite the multiple attempts and various modes of serving the *interim order* on the Noticee, she has not filed her reply till date.
4. An opportunity of personal hearing was also granted to the Noticee on March 26, 2014 through a notice of hearing dated March 06, 2014 issued to the Noticee on her last known address. The same was returned undelivered. In view of the same, a newspaper advertisement was issued on March 11, 2014 in 'The Times of India' (English Language - All editions) and 'Vijay Karnataka' (Kannada Language - Karnataka Region) advising the Noticee to attend the personal hearing on the scheduled date. Despite the same, the Noticee did not avail the opportunity for personal hearing.
5. Considering that no communication has been received from the Noticee, despite sufficient opportunities granted to her to reply to the *interim order* and also considering the fact that the Noticee failed to avail the opportunity of personal hearing, SEBI passed an Order dated June 09, 2014 confirming the directions of the *interim order* dated April 21, 2011. Subsequently a notice was issued to the Noticee on December 22, 2014 advising her to show cause as to why action under Regulation 35 of SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as "**Intermediaries Regulations**") read with Section 11 of the SEBI Act, 1992 including restraining her from accessing the capital market and prohibiting from buying, selling or dealing in the securities market in any manner for a particular period should not be initiated against her for the violation of Section 12(1) of SEBI Act, 1992 and Regulation 11(1) of SEBI Brokers and Sub-brokers Regulations, 1992. The copies of the notice were sent to the address of the Noticee available on records. However, the notice could not be served upon the Noticee at any of the four addresses available with SEBI, ICICI Securities, SEBI-Southern Regional

Office and the Bangalore Stock Exchange. In the circumstances as detailed above, it is clear that the Noticee is deliberately avoiding any communication from SEBI.

6. In view of the failure on the part of the Noticee to co-operate with the proceedings initiated by SEBI, I am constrained to proceed on the basis of the material available on record such as the notice to show cause, information/documents gathered from I-Sec, NSE, BSE, NSDL and CDSL and other material available on record. On the basis of the same, I shall now proceed to deal with the charges alleged against the Noticee in the SCN. The issue under consideration is whether the Noticee has dealt in securities on behalf of the clients and thus acted as a sub-broker without obtaining the necessary registration from SEBI.

The relevant legal provisions, the contravention of which have been alleged in this case are reproduced hereunder:-

**Section 12 (1) of the SEBI Act, 1992**

*"No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act"*

**Regulation 11(1) of the SEBI Broker and Sub-broker Regulations**

***"Registration as sub-broker.***

*No sub-broker shall act as such unless he holds a certificate granted by the Board under these regulations."*

7. Upon analyzing the information/documents in respect of the transactions executed by the Noticee and her husband, Mr. Rajeev Bansali obtained from NSE, BSE, NSDL, CDSL and I Sec, the following are observed:
  - i. The shares purchased in the trading account of the Noticee maintained with I- Sec were subsequently transferred off-market to the demat accounts of various clients of Noticee's late husband, (Mr. Rajeev Bansal, who was a sub-broker affiliated to I-Sec). From the Annexure 2 of the SCN, it is observed that around 38 such off-market transfers have taken place from the demat account of the Noticee to various clients during the aforesaid period.

- ii. The Noticee has received shares in her demat account in off-market transaction from the accounts of various clients. It is observed from the Annexure 3 to the SCN that around 81 such off market transactions have taken place in the demat account of the Noticee during the period from May 2006 to November 2007. These shares were subsequently sold by the Noticee in the market.
- iii. The bank account of the Noticee with ICICI Bank (linked with her trading account), indicates that the Noticee received/paid money from/to various clients. It is observed from Annexure 4 of the SCN that the Noticee received funds approximately Rs. 1.56 crores from various clients and has paid an amount of Rs. 1.64 crores to various clients during the period April 01, 2006-March 31, 2011.

7.1 The aforesaid analysis in respect of the trading accounts maintained by the Noticee with I- Sec and the instances of cash receipts/ payments to/from the ICICI Bank account of the Noticee and the bank accounts of the clients thus clearly indicate that the Noticee was acting as an agent by continuously dealing in the securities on behalf of clients. The aforesaid activities of the Noticee were undertaken without obtaining registration from SEBI to act as a sub-broker. Section 12(1) of the SEBI Act and Regulation 11(1) of the SEBI Broker and Sub-brokers Regulations specifically mandate that no sub-brokers shall act as such unless he holds registration certificate granted by the Board.

7.2 The Noticee has not responded to any of the communications sent by SEBI. It is observed that even after the receipt of the *interim order* served to her by I-Sec at the request of SEBI, she chose not to respond to it (as mentioned in Paragraph No. 3 above). The total non-cooperation on the part of the Noticee to the instant proceedings, can only lead to an adverse inference against the Noticee.

- 8. In the light of the aforesaid observations, it is clear that the Noticee, by dealing in securities on behalf of the clients and transferring/receiving money to/from the accounts of various clients, functioned as a sub-broker without obtaining registration from SEBI. Such activities of the Noticee are in violation of Section 12(1) of the SEBI Act and Regulation 11(1) of the SEBI Broker and Sub-brokers Regulations.

9. I note that SEBI, vide *interim order* dated April 21, 2011 (later confirmed through the Confirmatory Order dated June 09, 2014) restrained the Noticee from buying, selling, dealing in the securities market in any manner or accessing the securities market, directly or indirectly either herself or for her clients till further orders in the matter and the Noticee has already undergone the restraint for a period of approximately 4 years.
10. Taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11 and 11B of the SEBI Act, 1992 and Regulation 35 of SEBI (Intermediaries) Regulations, 2008, do hereby restrain Mrs. Reena Bansal (PAN: AHRPB9035G) from buying, selling or dealing in securities market whatsoever or accessing the securities market, directly or indirectly, for a period of 5 years from the date of this order. The period of debarment already undergone by the Noticee, vide the *interim order* dated April 21, 2011 mentioned in Paragraph No. 9 above shall be set off from the period of debarment as directed above.
11. This order shall come into force with immediate effect.
12. This order shall be served on all the recognized stock exchanges and the depositories to ensure compliance with above directions.

Place: Mumbai  
Date: April 22, 2015

**S. RAMAN**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**