

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER REGULATION 29(3) READ WITH CLAUSES (a) and (b) OF FIRST PROVISIO TO REGULATION 27 OF SEBI (STOCK BROKERS AND SUB BROKERS) REGULATIONS, 1992 AGAINST BHAVESH DHIRAJLAL STOCK BROKING LTD.

M/s Bhavesh Dhirajlal Stock Broking Ltd. (hereinafter referred to as the said broker) was a member of National Stock Exchange (hereinafter referred to as NSE). The NSE vide its letters dated 06.06.2002 and 12.09.2002 informed SEBI that Bhavesh Dhirajlal Stock Broking Ltd. was expelled on 01.08.2001 for its failure to redress investor complaints pertaining to non-payment of funds and securities given for deployment in ALBM scheme and issuance of the contract notes / confirmation memo. NSE also informed that the said broker was not re-admitted on the exchange. A show cause notice dated 24.09.2002 was issued advising the broker to show cause as to why the certificate of registration as a stock broker should not be cancelled under Regulation 26(2) (iii) read with regulation 27 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as the said regulations). The said show cause was sent to NSE vide letter dated 24.09.2002 requesting it to handover the same to the broker under acknowledgement to SEBI. NSE vide its letter dated 18.10.2002 informed SEBI stating that the said show cause notice had been sent to the broker by registered post A.D. which were returned undelivered by the postal authorities enclosing therewith copies of the registered A.D. cards and envelopes with the comments from the postal authorities. Therefore, I am convinced that the broker ceased to be a member of the exchange and liable for penalty under regulation 26 (2) (iii) of the said Regulations.

I have perused the material available on record and I have also taken on record the letters dated 06.06.2002, 12.09.2002 and 18.10.2002 of NSE informing SEBI about the expulsion of the broker from the exchange. As per rule 4 (a) of SEBI (Stock Brokers and Sub Brokers) Rules, 1992, one of the conditions for granting certificate of registration is that the broker shall hold the membership of a stock exchange. Regulation 26 (2) (iii) provides that a penalty of cancellation of registration may be imposed in the event of cancellation of membership by the stock exchange. In the instant case, the broker was expelled by NSE on 01.08.2001 and was not readmitted within a period of six months from the date of declaration, therefore, the broker ceased to be a member of the exchange. In view of this, I feel that this case attracts penalty of cancellation of certificate of registration as provided under Regulation 26 (2) (iii) of the said regulations.

Therefore, in exercise of the powers conferred upon me by section 4 (3) of Securities and Exchange Board of India Act, 1992 read with Regulation 29(3) read with clauses (a) and (b) of first proviso to Regulation 27 of the said Regulations, 1992, and also read with regulation 23 (1) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 I, G. N. Bajpai hereby pass an order canceling the certificate of registration of M/s. Bhavesh Dhirajlal Stock Broking Ltd. as a stock broker with immediate effect.

G. N. BAJPAI

CHAIRMAN

PLACE: MUMBAI

DATE : JUNE 12, 2003

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