

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 E'L DORADO GUARANTEE LTD.

M/s E'L Dorado Guarantee Ltd. (hereinafter referred to as the said broker) was a member of Bombay Stock Exchange (hereinafter referred to as BSE). The BSE vide its letter dated 17.5.2002 and 09.09.2002 informed SEBI that E'L Dorado Guarantee Ltd. was declared a defaulter on 18.7.2001 for its failure to meet obligations to their clients and liabilities to 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 notice was sent to the BSE requesting it to handover the same to the broker under acknowledgment to SEBI. The BSE vide its letter dated 09.01.2003 returned the said show cause notice to SEBI stating that the said broker was declared defaulter on 18.07.2001, therefore, no longer a member of BSE.

I have perused the material available on record and I have also taken on record the letters dated 17.05.2002, 09.09.2002 and 09.01.2003 of BSE informing SEBI about the declaration of the said broker as a defaulter. 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. In the instant case, the broker ceased to be a member of a stock 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. E'L Dorado Guarantee Ltd. as a stock broker with immediate effect.

PLACE : MUMBAI

DATE : 12-Jun-2003

G. N. BAJPAI

CHAIRMAN

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