

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 SHAREDEAL FINANCIAL CONSULTANTS PVT. LTD.

M/s Sharedeal Financial Consultants Pvt. 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 Sharedeal Financial Consultants Pvt. Ltd. was declared a defaulter on 04.08.2001 for its failure to fulfill obligations on the exchange and also non fulfillment of their pay-in / settlement. 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 broker submitted a letter dated 11.10.2002 stating that cancellation of registration was not necessary and also sought four weeks time for filing reply in the matter. However, so far the broker has not filed any reply in this regard although more than 7 months have elapsed. Therefore, I am convinced that the broker has nothing more to say except submissions made vide his letter dated 11.10.2002.

I have perused the material available on record and I have also taken on record the letter dated 11.10.2002 filed by the broker. Vide the said letter the broker has vaguely submitted that the cancellation of registration was not necessary at all, but failed to substantiate the same. In the instant case, the broker was declared a defaulter on 04.08.2001 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. 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. The contention of the broker is not convincing in as much as 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 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. Sharedeal Financial Consultants Pvt.Ltd. as a stock broker with immediate effect.

PLACE : MUMBAI

DATE : 12-Jun-2003

G. N. BAJPAI

CHAIRMAN

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