

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 ORIENT SHARE AND STOCK BROKERS LTD.

M/s Orient Share and Stock Brokers 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 Orient Share and Stock Brokers 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 said show cause notice was sent to the BSE vide letter dated 24.09.2002 requesting it to handover the same to the broker under acknowledgment to SEBI. The broker acknowledged the said show cause notice on 30.09.2002. 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 no explanation in the matter.

I have perused the material available on record. The 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. 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 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. 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. Orient Share and Stock Brokers .Ltd. as a stock broker with immediate effect.

PLACE: MUMBAI

DATE : 12-Jun-2003

G. N. BAJPAI

CHAIRMAN

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