

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 LIBORD SECURITIES LTD.

M/s Libord Securities 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 Libord Securities Ltd. was declared a defaulter on 15.12.2001 for its failure to meet obligations to clients. 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 08.10.2002 stating that they had submitted an application for re-admission on 10.06.2002 which was rejected on 23.08.2002. They had again asked BSE to reconsider the same on 04.09.2002 and requested SEBI to wait till the disposal of their application dated 04.09.2002. SEBI took up the matter with BSE vide its letter dated 17.01.2003 requesting BSE to clarify the status of the application dated 04.09.2002 of the broker and also the current status of the membership of the broker. The BSE vide its letter dated 25.01.2003 informed that the membership of the broker is vested with the exchange. 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 letter dated 08.10.2002 of the broker and also the letters dated 17.05.2002, 09.09.2002 and 25.01.2003 of BSE. 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 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. Libord Securities Ltd. as a stock broker with immediate effect.

PLACE : MUMBAI

G. N. BAJPAI

DATE : 12-Jun-2003

CHAIRMAN

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