

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

In the matter of directions under Section 11 (4) (b) read with Section 11B of the Securities and Exchange Board of India Act, 1992 to Shri Sunil Kumar Kayan regarding illegal trading in securities

WT/MO/16/EFD/12/03

Background

1. Shri Sunil Kumar Kayan (Trade Name: Sunil Kumar Kayan & Co.) (hereinafter referred to as "Sunil Kayan") is a member of The Calcutta Stock Exchange (hereinafter referred to as "the exchange") and a stock broker registered with SEBI under Registration No. INB 030668917
2. The Securities and Exchange Board of India (hereinafter referred to as "SEBI") received information that Sunil Kayan was indulging in illegal trading in securities. Whole Time Member, SEBI, vide order dated 13.8.2003 directed that an inspection of the office of Sunil Kayan be undertaken by SEBI. Pursuant to the order, inspection of the office of Sunil Kayan at 8, Lyons Range, Kolkata - 700001 was undertaken on 14.8.2003.
 1. It was noted that around 40 persons were engaged in trading in the premises and these persons ran away on seeing the inspecting officials. It was also noted that three trading terminals of the National Stock Exchange (hereinafter referred to as "NSE") were being operated in the office of Sunil Kayan. The inspecting officials were informed that two of the three trading terminals were given by Shri Sanjay Bansal and one by GCM Securities.
2. The inspection team also made the following findings :
 1. The trading terminals in the premises of Sunil Kayan were unauthorised.
 2. Sunil Kayan had extended the use of those unauthorised trading terminals to various persons or entities.
 3. Sunil Kayan had traded in certain scrips in quantities of ones and twos and such transactions constituted around 70% of his total trades. Many such transactions entered into by Sunil Kayan on his own account as well as on account of his wife /others were found to be squared off by the end of the day. The net amount receivable in such transactions was between Rs.0.70 to Rs.4.33.
 4. Handwritten /printed papers found in the office of Sunil Kayan showed that he had transacted in futures and options although he did not have a valid registration from SEBI as a trading / clearing member on the Futures & Options segment of NSE.
 5. The sauda confirmation slips obtained from the office of Sunil Kayan showed that after entering into contract in Futures & Options for an official 'market lot', he had split the trades amongst his clients in lots less than official 'market lot'.
 6. Trade details obtained from the office of Sunil Kayan revealed that several transactions did not have any trade number or trade time and order nos. of NSE.
 7. Handwritten papers found in the office showing details of cash received and paid from / to clients indicated that many such receipts / payments were beyond limits permitted for cash transactions under the Income Tax Act.
 8. A note book found in the office of Sunil Kayan indicated unexplained turnover and some difference amounts on a daily basis. The contents of the note book remain unexplained on account of non co-operation from Sunil Kayan's office.
3. On the basis of the above, the inspection team concluded prima facie that :
 1. Sunil Kayan used trades executed by him on the trading terminals as bench marks for prices of the scrips and based on these prices; larger trades were executed outside the stock exchange mechanism.
 2. Besides indulging in unauthorised trading in Futures & Options, Sunil Kayan indulged in trades in Futures & Options outside the Stock exchange mechanism.
 3. Sunil Kayan entered into off the floor transactions in securities and not reported them to the stock exchange.

Interim Order

3. Based on the above findings, vide order dated 20.8.2003, Sunil Kayan and Shri Sanjay Bansal have been restrained from buying, selling or dealing in securities in any manner pending completion of inspection and determination of further appropriate action.

Post Decisional Hearing

4. A post decisional hearing was granted to Sunil Kayan on 15.9.2003. He appeared before me and was also assisted by Shri Prakash Shah. In the course of hearing, the said broker made written submission and also oral submissions.
 1. The written submissions in brief are as under :

1. The noticee submits that one Sanjay Bansal, sub-broker affiliated to ISESS had installed two terminal No. G02911 and G02915 for carrying out transactions of his clients. Mr. Sanjay Bansal wanted to cater small clients for which he required sufficient office space, which was provided by the noticee. The said two terminals were started from December 2002. The said Sanjay Bansal's two employees / user viz. Mr. Vinay Kumar Sharma and Mr. Sunil Kahar were personally operating the aforesaid CTCL terminals. Mr. Sanjay Bansal comes under the regulatory purview of ISESS. The noticee's privity with Mr. Sanjay Bansal was that of constituent in terms of client – member agreement. Shri Sanjay Bansal used to issue bills for trades executed for an in name / code of the noticee. The noticee fulfilled his obligations in time to Shri Sanjay Bansal.
2. In view of CSE's operations having come to a grinding halt the noticee was doing a moderate proprietary dealings through GCM Securities Ltd. and as aforesaid with Mr. Sanjay Bansal.
3. The noticee furnished his reply and clarification in respect of the above charges as under :
 - i. The noticee wishes to put on record that he had not unauthorisedly taken trading terminal either from Mr. Sanjay Bansal or from M/s GCM Securities Ltd. The employees / users of Mr. Sanjay Bansal were operating the terminal from the office of noticee as the office of Shri Sanjay Bansal was very small to accommodate terminals, logistics and other infrastructure. Further, Shri Bansal had informed that his new office was getting ready and to meet his temporary requirements he needed additional space. The aforesaid two terminals were functional from the office of the noticee. Shri Sanjay Bansal had strictly issued instructions to his employees not to permit use of the terminals by anyone else other than his employees. As regards, terminals of M/s GCM Securities Ltd. it was test operated for about three four days as they wanted to test the LAN connectivity of the terminal. The finding of SEBI team that the noticee has taken unauthorized terminals is based on wrong premises / interpretation hence not correct and not accepted and denied.
 - ii. The noticee has not extended any unauthorised trading terminal to anyone. The noticee not being a member of NSE/BSE nor sub broker of ISESS had no terminal of its own to offer and therefore could not give any terminal to anyone. The finding that noticee has given two terminals which were operating Bura Bazar and Burdwan is totally without any basis and factually not correct as the noticee could not give any terminal as he himself has got none. What he does not have, he cannot give. The inference drawn on the basis of hand written note books and copies obtained by inspecting officials linking the noticee to terminals operating in the aforesaid places is not correct and not accepted. It appears that some old records of PKC Stock Broking Pvt. Ltd. was sought to be relied to draw the aforesaid reference. The said old records could throw light as to the ownership functioning control of operations of the aforesaid terminals. It is reported that one PKC Stock Broking Pvt. Ltd. member NSE had put their terminals in the aforesaid places.
 - iii. (a) The noticee in the normal course used to trade in the scrips in the marketable lot of one share also. Depending upon his understanding, changing market dynamics, fundamental and technical conditions, scrip specific features etc. the noticee used to place orders for execution. Small investors trade in small quantities and square-off the trades by the end of the day. In Indian stock market, about 90% turnover is on account of square off business. This is the order of the day and market reality.
 - b. With reference to that the net amount receivable /payable in the bills used to be very small, the noticee clarifies that such net amount is the arithmetic calculation / outcome of buy values and sale values, to other words, net bill amount – receivable or payable by the noticee – is worked out by netting total of purchase values and total of sale values. Hence, the net bill amount is the result of arithmetic calculation. The noticee submits that the observations as to indication of a possibility of using such small amount as a bench mark price and transactions being carried outside the exchange are totally baseless, irrelevant and unsubstantiated as far as the noticee is concerned. It is not clear as to what is benchmark for what item / purpose? The noticee submits that has not done any illegal trading outside the exchange nor done any irregularity nor created any benchmark price by executing order of small quantities. The noticee would, inter alia, consider entry/exit cost, profit / loss timing, liquidity risk appetite, stop loss, aberration in the price discovery, if any, market fancy news etc. facts in the matter of his trading activities. The observations and beliefs of inspecting team are therefore totally unfounded and groundless as they are bereft of material facts and clinching evidences. The noticee is prepared to prove this by factual evidence. The noticee is prepared to prove this by factual information.
 - c. With regard to observations that the noticee's company had transacted in futures and options segment also for his clients without a valid registration, the notice submits that this is totally incorrect. The handwritten / printed papers are not the true and authentic records of transactions in futures & options. If such transactions have taken place, they can very well be verified directly from the official records of the concerned broker / sub broker / exchange. Sunil Kumar Kayan & Co. is not a member of NSE nor NSE has provided any trading terminal to it. Therefore, there is no question of any transaction by it for anyone. The notice (in the capacity as a proprietor of Sunil Kumar Kayan & Co. is not operating either on CSE (or NSE or BSE) . The loose papers on which some purported trade data is mentioned and which is also cancelled /scribbled are not the trades of future and option segment and therefore the inference drawn as regards futures and options is not correct and hence denied. The noticee confirms that no trade was executed in off market. The noticee does not understand as to what "split the trade" means. The noticee denies that it had split the trades in less than official market lot for his various clients and does not do cliental business. The noticee submits that he has not been given / shown or provided copies of documents / records / print out taken by the inspection team on the basis of which the aforesaid conclusion was arrived at. The notice is prepared to further clarify the points on verifying the same.

- d. The noticee submits that he has not done any off the floor transaction and trade details such as NSE order No., trade No. etc. could not be found as the trade data pertained to mock runs as explained below. The noticee submits that there appears to be some confusion. The details obtained from the back office records pertain to demonstration software package which was used by the staff for learning features and options and see the resultant output. In respect of mock learning exercise there would be single entries keyed in. On enquiring it was revealed that they wanted to learn well and get themselves placed in some good broking house. However, certain mock transactions were recorded on Saturday / Sunday, which establishes that those entries were for the purpose of education. Therefore, they were not actual transactions and inference drawn as to their being off floor is not correct and hence not accepted and denied.

The noticee submits that he neither received nor paid cash from / to any person. To the best of knowledge of the noticee handwritten papers referred do not bear the handwriting of the noticee. The noticee does his proprietary dealings and there is no question of any business interaction with retail clients. The noticee has not violated any provision of Income Tax Act.

iv The noticee submits that the note book found was the official record of Mr. Sanjay Bansal in respect of transactions done by his staff in their terminal. As pointed out earlier, Mr. Sanjay Bansal's staff members were operating from the office of the noticee and the some skeleton record was kept in the office.

1. The noticee submits that the noticee was not personally present at the time of inspection team but learnt later on that the persons present were co-operative to the team. The persons present at the time were frightened and as they were junior they were not authorised to authenticate or sign any document. The noticee is given to understand that the inspecting officials did collect details / records relative to trades done by the staff of Mr. Sanjay Bansal on the very same day. The noticee is not aware as to what documents have been collected in original and of which document photocopies have been taken. In an Indian environment can a housewife with only two years of experience face the raid / investigation of 15 persons? Mrs. Kayan offered full office with all computer, file and records in their custody for inspection.
2. The noticee states that he has not been carrying out illegal trading that is detrimental to investors and securities market or any illegal trading. Hence, there is no question of seriously jeopardizing the safety and integrity of the market. The noticee has not violated provision of Section 19 of SC (R) Act. The evidence collected and sought to be relied are neither authentic / official documents nor do they belong to the noticee. The noticee denies that he is involved in any illegal trading, if any, conducted under the cover / auspices of membership of the Stock Exchange and with active assistance of the concerned brokers. The noticee refutes this prima facie finding as far as he is concerned. The noticee states that no harm or prejudice has been caused to either the client or the NSE / ISESS or to any other person due to the alleged lapse. The noticee has not gained from the alleged lapse. The noticee states that he is not guilty of conduct which is contumacious or dishonest or has acted in conscious disregard of the regulation or any norm. The noticee respectfully submits that he has not violated Sec. 12 of SEBI Act, 1992.
3. The noticee states that the penalty of debarring him from dealing in securities in any manner directly or indirectly pending completion of inspection is extremely harsh. The preliminary findings are based on loose sheets of papers, working notes, third parties records, rough papers, single entry print outs based on demonstration software package, scribbled notes and not based on the official and authentic records and documents from the NSE/Sub broker. Consequently, it appears that pre decided findings / conclusions have been thrust upon the noticee. This is evident from the lackadaisical approach, bias and extreme penalty measure inflicted forthwith on the noticee. In the circumstances, continuing to debar the noticee from his proprietary dealings as an investor will be most unfortunate for him and his family inviting economic death in due course.
4. The noticee confirms that no default on his part has taken place in meeting his pay-in obligations to his sub broker. The noticee's business through his sub broker Mr. Sanjay Bansal was in pursuance to written agreement, at arms length and in fiduciary relationship and role.
5. The noticee states that even assuming (whilst denying) that some procedural irregularity took place in the matter of terminals that were used by the concerned sub broker / broker from the office of the noticee, the same is technical and / or venial breach. The noticee's own trading in the status as a registered constituent is perfectly legitimate, permissible and legal. The noticee states that no harm or prejudice has been caused to either the client of Sanjay Bansal or the exchange any third person due to the alleged breach. The noticee states that it is not guilty of conduct which is contumacious or dishonest or has acted in conscious disregard of the law. The noticee states that it has not acted in defiance of the law. The noticee states that it Supreme Court in the case of Hindustan Steel Ltd. vs. Orissa reported in 1969 (20 SCC 627 has held that "An order imposing penalty to carry out a statutory obligation is a result of quasi – criminal proceedings and penalty will not ordinarily be imposed unless the party obliged either acted deliberately in defiance of law or was guilty of conduct contumacious or dishonest or acted in conscious disregard of its obligation. Penalty will also not be imposed merely because it is lawful to do so. Whether penalty should be imposed for failure to perform a statutory obligation is a matter of discretion of the authority to be exercised judicially and on a consideration of all the relevant circumstances.
6. The noticee states and submits that the interim penalty that has been imposed is disproportionate. In the instant case, there is no allegation of market manipulation or insider trading and yet an extremely severe penalty is imposed. The supreme Court in the case of Ex-Naik Sardar Singh v/s Union of India reported in

1991 (3) SCC 213 has recognised the principle of proportionality and has stated that the penalty imposed must be commensurate with the gravity of the misconduct and that any penalty disproportionate would be violative of Article 14 of the Constitution of India.

7. It is settled law, pursuant to several decisions of the Securities Appellate Tribunal, that there has to be a nexus between the alleged acts of omission and commission and the measures adopted by SEBI in pursuance of directions under Section 11 of the SEBI Act.
8. The noticee states that the penalty that is sought to be imposed is an extremely harsh penalty and the Securities Appellate Tribunal has itself held in the case of M J Patel v/s SEBI that the matter of suspension of a certificate granted to carry on broking business is not a matter which can be treated lightly. The noticee states that it has been a member of CSE since 1995 and this is the first time that an offence has been alleged against the noticee (in his status as an investor). The noticee states that the major penalty of suspension of certificate of registration for an indefinite period is not called for. Further, the noticee's proprietary trading as a constituent has nothing to do with and has no nexus with the noticee's certificate of registration as CSE member status. The noticee has two different faces / statuses / identities / profiles and cannot be combined for penal action which is extremely harsh and deprive the noticee of his livelihood. The noticee as a member of CSE is not operating on the CSE; hence, the noticee is permitted to carry on his proprietary business as a client through another registered broker / sub broker. The noticee does not have any regular business trade or vocation / profession for earning his livelihood.
9. In the circumstances, the noticee prays that by way of interim relief be allowed to do his proprietary trading in his name / code as an investor and as a registered constituent through registered broker / sub broker with immediate effect.

1. The oral submissions of Sunil Kayan, in brief, were as under :

0. There is confusion in the minds of SEBI officials regarding his role. He was a member of the exchange, he was a client of Sanjay Bansal and he had let out part of his office premises to him.
1. He had functioned as a stock broker from 1995 to 2001 and his clients preferred NSE. In December 2002, Sanjay Bansal approached him to rent space for his branch office. He consented and also became his client. Necessary agreements and the Know Your Client (KYC) forms were executed by him.
2. He is not a member of the NSE or a sub broker of ISSE and therefore cannot be allotted trading terminals. The three terminals found in his office were given by GCM Securities and Sanjay Bansal.
3. The books and register found during the inspection were that of PKC Stock Broking and not his.
4. The market was in bad shape and he had low volumes and low profits.
5. Even as a member of the exchange, he did not understand Vyaj Badla, carry forward etc and did not deal in these products. Further, he was unable to understand Futures & Options.
6. His staff wanted to learn how to use the software for trading and hence the single entry transactions that were noted by the inspecting officials.
7. He never had any cash transactions and no cash was found at his office.
8. No papers that were seized by the inspecting officials were given to him for further verification / comments.
9. In respect of a query from me as to whether trade number and time were recorded, he submitted that Sanjay Bansal recorded all details. Further, in respect of the query as to the notebook found in the course of inspection, he submitted that the same was a record kept by Sanjay Bansal and was not given to him for verification. He further stated that he did not know whether the notebook was handwritten or not.
10. There were no complaints against him till date and no allegation of illegal activities were raised. He stated that during the period 1995 to 2001 when he was a broker, most brokers of the exchange were involved in Vyaj Badla but he was always acting on behalf of small investors in order to divide his risk in a bad market.
11. He let out the premises to Sanjay Bansal for 11 months and the latter's office is still operational from his premises. He travels 12 kms from his house to the office everyday and stays in the office for 2 hours.
12. In response to a query as to why his wife refused to co-operate, he submitted that the person looking after the day to day affairs was absent and she was not very experienced in these matters.

4.3 In the course of oral hearing, Sunil Kayan requested that he may be given copies of the documents seized by the inspecting officials and an opportunity to make submissions on the same. Accordingly, copies of documents were given to him and he submitted his submissions on 17.10.2003. The submissions in brief were as under:

1. The noticee is a member of Calcutta Stock Exchange in the name and style of Sunil Kumar Kayan & Co. As Calcutta Stock Exchange has become unviable for broking business, the noticee stopped working for the last about two years on the exchange. The noticee is not working as a member of the CSE. The noticee is buying and/or selling and dealing in securities by way of proprietary trading. This is in continuation to the personal hearing made before the board member of SEBI on 15.9.2003. The board member was kind enough to handover certain documents (Xerox copies) to the noticee and had asked for comments in the regard. The noticee vide his letter dated 17.9.2003 had asked sufficient time before he could make his submission before

the board. Again on 18.9.03 the noticee was called by Kolkatta SEBI official. The noticee is pleased to put his submission out of the observation from the records given to him.

2. This refers to the record relating to the documents numbered one to four.

i. Format of Sauda Book

Buyer	Description	Qty.	Rate	Seller	Description	Qty.
SK	Polaris	1400	102/50	NIL		
SK	Polaris	1400	103/75	NIL		
NIL	Duggarji Mastek	400(Xerox copy not clear)				

Had the above data would have been for any commercial purpose then the transaction would have been recorded both side (i.e. seller's name in case of Polaris and buyer's name in case of Mastek). In the absence of either of the side i.e. buyer or seller, Payable /Receivable amount cannot be ascertained.

i. The said data are /were not available in my computer on the date of inspection as it was done only for TEST RUN and the printout taken by the officials was only the waste/demo/mock record and not for any commercial purpose. The noticee has been provided the Software package by Viratech Software Solution Pvt. Ltd. date 16.7.03. However the said Docuemtns were the mock transaction keyed in the computer for the purpose of staff training and awareness to see the output of the data's in different formats. Noticee used to conduct training programs time to time and share his experience / knowledge to the trainees. Many of the trainees had been placed to the various brokers. Going through the above documents, the noticee would like to submit that (a) the said data's were purely for the purpose of trial of software Package and not at all for any commercial purpose. (b) the said data were keyed in our back office computer and later on the said data's were deleted after completion of training. The print out was only a rough work of our TEST RUN. (c)the said data were without any proper Sauda Book, Difference Bill (as is must for commercial purpose). (d) The transaction is complete only in the event of Cash or Cheque transaction but in the case of noticee not even a single cash transaction has ever taken place. Hence the inference drawn on the basis of the slip that the noticee was involved in F&O segment is absolutely baseless & denied.

1. Reference to the slip no.5 to 7, the noticee as stated above had conducted a training program as to how in the traditional outcry system of trading, the brokers used to record the transaction in the trading hall in their chopperi. The noticee wanted them to know the history of trading pattern of outcry system in respect of memory of the brokers, the speed of the transaction and other elements. The noticee submits that (a) the said data's were only the mock transaction (b) the said data were not keyed in the back office computer (c) the said data were not been used for any commercial purpose (d) no cash /Cheque transaction is recorded in regard of the above transaction.

2. This refers to the slip no.8 to 10. The noticee submits before you his chartered accountant certificate confirming figures mentioned in slip No.8 to be the cheque transactions and Xerox copy of the bank statement and pay in slip which will reveal the fact of the transactions. Reference to slip no.9 the figures indicated there in are the number of shares hold in High Growth Exports Pvt. Ltd. by the respective persons and the certificate of chartered accountant again is enclosed herewith.

3. This refers to slip no.11 to 25. The noticee state that 9a) the referred documents are the official document of Shri Sanjay Bansal (b) the bills are in favour of his various clients including the noticee.

4. Reference to slip no.26 to 27. The noticee state that the data is a skeleton record of PKC Stock broking Pvt. Ltd. (member NSE) pertain to their terminal installed at various locations and it has no concern with the noticee.

5. The noticee states that the penalty of debarring him from dealing in securities in any manner directly or indirectly pending completion of inspection is extremely harsh.As the authorities had reached to a conclusion based on certain documents that the noticee had done big amount of cash transaction but later on it is found that the entries of the rough paper were cheque transaction. The damage caused in respect of financial loss, and prestige will not be compensated in the event of noticee is found innocent after the completion of inspection.

6. In this circumstances, the noticee prays that by way of interim relief he be allowed to his proprietary trading in his name / code as an investor and as a registered constituent through registered broker /sub broker with immediate effect

Consideration of issues

1. I have considered the facts of the matter and the submissions of Sunil Kayan. The following issues arise for consideration:

- Whether Sunil Kayan had indulged in illegal trading in securities and
- Whether it is necessary to prohibit Sunil Kayan from associating with the securities market and dealing in securities till conclusion of the inspection.

1. The issues are dealt with as under:

0. Whether Sunil Kayan had indulged in illegal trading in securities

I note from the interim report of inspection that around 40 persons were present in the office of Sunil Kayan at the time of inspection and they were observed to be dealing in securities. The report of the inspecting officials states that these persons ran away on seeing them. The report further states that the wife of Sunil Kayan and other persons present there were non-co-operative with the inspection

team. Prima facie this gives an impression that irregular activities which the persons concerned did not want to disclose, were being carried on the premises. In this regard, the explanation of Sunil Kayan that his wife was very inexperienced and that the persons present were junior and hence frightened is not acceptable.

I note that Sunil Kayan has dealt in lots of 1 and 2 shares and that the net amounts receivable were very small. The explanation of Sunil Kayan that he used to trade in quantities of 1 and 2 shares in the normal course of business is not borne out by any records produced by him. Sunil Kayan himself states that he has been a broker since 1995 and that he has acted on behalf of small investors. It is incredulous to assume that all his transactions whether on behalf of clients or on proprietary basis would be in lots of 1 and 2. On the other hand, the possibility that these trades were used to benchmark prices for trades done outside the stock exchange mechanism cannot be ruled out. Further examination is necessary in the matter.

It is also alleged that Sunil Kayan had dealt in futures and options without being registered as a trading/clearing member. In this regard, Sunil Kayan has submitted in the course of hearing before me that he does not understand futures and options and that he did not deal in products such as vyaj badla and carry forward transactions. The explanation that the records of trading in derivatives obtained during the inspection was data from test runs and practice sessions by his employees appears to be an afterthought. In the first place, neither Sunil Kayan nor Sanjay Bansal was registered as trading/clearing members; hence the presence of software for such trading in their computers/terminals does not appear to be as part of genuine requirement. In the circumstance, the possibility for misuse of the software is undeniable.

In view of the above, it prima facie appears that Sunil Kayan has dealt in securities in a manner not permitted by the Securities Contracts (Regulations) Act, 1956 and the rules framed thereunder.

Admittedly, Sanjay Bansal had installed the trading terminals at the premises of Sunil Kayan. It is also stated that Sanjay Bansal was operating the terminals through his employees and that Sunil Kayan was his client. In view of the above, there is a high degree of probability that Sunil Kayan had traded through the terminals allotted to Sanjay Bansal.

5.1.2 Whether it is necessary to prohibit Sunil Kayan from associating with the securities market and dealing in securities till conclusion of the inspection.

I have found in para 5.1.1 supra that prima facie Sunil Kayan has been dealing in securities in a manner that is not permitted under the SC(R)Act and the rules thereunder. I have also noted that Sunil Kayan and his associates/staff have not co-operated with the inspecting officials.

In this regard, I have vide order dated 20.8.2003, restrained Sunil Kayan from buying, selling or dealing in securities in any manner pending completion of inspection. I find that it is necessary for the proper conduct of inspection and to prevent further irregular trading in securities to prohibit Sunil Kayan from buying, selling or dealing in securities till completion of the inspection proceedings.

Order

1. Therefore, I in exercise of powers conferred on me under Section 11(4) (b) read with Section 11B and Section 19 of the SEBI Act do hereby confirm the order dated 20.8.2003 and direct Sunil Kayan & Co having certificate of registration No. INB 030668917 as a Stock Broker, not to buy, sell or deal in securities in any manner, directly or indirectly, pending completion of inspection and determination of further appropriate action on receipt of the report.

Date: 9th December, 2003

Place: Mumbai

T M Nagarajan

Whole Time Member

Securities and Exchange Board of India