

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Regulation 13(4) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 against M/s. Chandravadan J Dalal , Broker , The Stock Exchange ,Mumbai (SEBI Registration No.INB 010005111)

Whereas, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation into the alleged irregularities in the trading in the shares of SAB TV (hereinafter referred to as the script); and ,

whereas investigation revealed that M/s Chandravadan J Dalal a SEBI registered broker having SEBI registration No. INB 010005111(hereinafter referred to as the broker) and member, The Stock Exchange, Mumbai (hereinafter referred to as BSE) had traded substantially in the scrip and many of the transactions done through the member were structured deals executed on behalf of various clients in violation of Reg 4 (a) (b) and (c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations , 1995 (hereinafter referred to as FUTP Regulations) and Regulation 7 read with Schedule II of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as Broker Regulations); and

whereas, an Enquiry Officer was thus appointed by SEBI vide Order dated March 12, 2004 Under Regulation 5 of SEBI (Procedure for holding enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'Enquiry Regulations') to enquire into the violations, if any, of SEBI Act, Brokers Regulations and FUTP Regulations by the broker ; and Whereas, the Enquiry Officer after conducting the detailed enquiry in terms of the Enquiry Regulations found that in light of the facts and circumstances of the case no collusion for the alleged structured deals could be established between the broker and its clients and therefore no manipulative intent could be attributed to the broker to establish the charges under FUTP Regulations, did maintain that the broker failed to comply with Clause A(2) of Code of Conduct as specified in Schedule II r/w regulation 7 of Broker Regulations, and therefore recommended minor penalty of censure against the broker vide his Enquiry Report dated April 26, 2005 ; and

whereas, a copy of the said Enquiry Report was forwarded to the broker along with a show cause notice dated April 29,2005 advising it to show cause as to why the action as may be considered appropriate should not be taken against it, and whereas the broker replied vide letter dated May 06, 2005 and while interalia submitting that in the facts and circumstances of the case, it was impossible for them to suspect the manipulative role played by some of its clients and therefore the finding of the Enquiry Officer regarding violation of Code of Conduct by them is unjustified, requested that no penalty of any nature whatsoever may be imposed on them and the notice be discharged; now, therefore, I, while agreeing with the findings of the Enquiry Officer, and having considered the nature and gravity of the charges established, the facts and circumstances of the case, the mitigating factors as explained above, and the submissions made by the broker thereto, in exercise of the powers conferred under section 19 of the SEBI Act , 1992, read with Regulation 13 (4) of SEBI (Procedure for holding Inquiry by the Enquiry Officer and Imposing Penalty) Regulation 2002, hereby censure M/s Chandravadan J Dalal , Member BSE (SEBI Registration No.INB 010005111], advise it to be more careful in future in its dealings in the securities market and diligently adhere to the provisions of the SEBI Act ,1992 and the regulations made there under.

Date: 22 December 2005

Place: Mumbai

MADHUKAR

WHOLE TIME MEMBER

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