

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. N K Malpani, a registered sub-broker, INS 011734311

Whereas, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation into the alleged price manipulation in the scrip of Rashel Agrotech Ltd. (hereinafter referred to as "RAL") during the period from April 03, 2000 to October 06, 2000. The investigation revealed that majority of the sellers who had traded in the scrip of RAL during the relevant period were interrelated and also connected to RAL. The investigation indicated that M/s. N K Malpani (hereinafter referred to as "Malpani"), a SEBI registered sub-broker had done one transaction for 100 shares of RAL on behalf of one of its clients Mr. Rakesh Jain in which he appeared on both sides of the trade; and

whereas, an enquiry officer was thus appointed by SEBI 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 alleged violations of Securities and Exchange Board of India Act, 1992 (SEBI Act), SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992 (hereinafter referred to as Broker Regulations) and SEBI (Prohibition of Fraudulent and Unfair Trade practices Relating to Securities Markets) Regulations, 1995 (hereinafter referred to as FUTP Regulations), and,

whereas, the enquiry officer after conducting the enquiry in terms of the Enquiry Regulations and while finding that in the facts and circumstances of the case and in the absence of adequate evidence, the charge against Malpani that he is guilty of violating Regulation 4 of FUTP Regulations can not sustain, concluded that the broker did not exercise due skill, care and diligence in terms of 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 warning against Malpani vide his Enquiry Report dated August 23, 2004 ; and

whereas, a copy of the said Enquiry Report was forwarded to Malpani along with a show cause notice dated September 06, 2004 advising it to show cause as to why action as may be considered appropriate should not be taken against it, and

whereas, Malpani replied to the said show cause notice vide its letter dated September 14, 2004 and interalia submitted that it was a purely unintentional manual mistake which occurred while operating on computer, as it had placed buy order for same quantity without confirmation of the sale order at the same price and therefore, the minor penalty of warning as recommended by the Enquiry Officer may not be imposed, now therefore,

I, while agreeing with the findings of the Enquiry Officer, and having considered the nature and gravity of the charges established, in the facts and circumstances of the case, the mitigating factors as explained above, in exercise of powers conferred under Section 19 of the SEBI Act , read with Regulation 13(4) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulation 2002, hereby warn M/s. N K Malpani , a registered sub-broker bearing No. INS 011734311 to be 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 : 27-12-2005
PLACE: MUMBAI

MADHUKAR
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA