

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. Sona M. Sheth, sub-broker, SEBI Registration No. INS231154910, Affiliated to ISE Securities & Services Ltd., Member-NSE

Whereas, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an inspection of the books of accounts and other documents of M/s. Sona M. Sheth, a sub-broker, Affiliated to ISE Securities & Services Ltd., Member-NSE (hereinafter referred to as "sub-broker") into the alleged violations of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act"), Rules, Regulations and Circulars made there under. The inspection revealed various irregularities and violations including that of default in meeting regulatory requirement of having written code for prevention of insider trading; 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 contravention of SEBI Act, SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992 (hereinafter referred to as "Broker Regulations"), SEBI (Stock Brokers & Sub-Brokers) Rules, 1992 (hereinafter referred to as "Broker Rules"), SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI Circulars and Bye-laws, Business Rules & Regulations of the Stock Exchange; 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 the reply by the sub broker, albeit the other charges against the sub broker can not sustain, concluded that the sub broker by not having any code of internal procedure for prevention of insider trading is guilty of violating the provisions of Regulation 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 read with code of conduct prescribed under Schedule II of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and therefore recommended a minor penalty of warning against sub broker vide his Enquiry Report dated November 29, 2004; and

whereas, a copy of the said Enquiry Report was forwarded to the sub broker along with a show cause notice dated December 14, 2004 advising it to show cause as to why the appropriate penalty including penalty as recommended by the Enquiry Officer should not be imposed on him; and

whereas, the sub broker replied to the said show cause notice vide its letter dated December 21, 2004 and interalia submitted that it has already implemented the suggestions as recommended by the inspection team and accept the verdict as recommended by the Enquiry Officer; and

whereas, it is observed that the enquiry officer having considered these submissions, has recommended the minor penalty of warning against the sub broker.

Now, therefore,

I, having considered the nature and gravity of the charges established, the facts and circumstances of the case, the recommendations of the Enquiry Officer, the submissions made by the broker thereto, and the mitigating factors as explained above, while agreeing with the findings of the Enquiry Officer, 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. Sona M. Sheth, a sub-broker bearing registration no. INS231154910, affiliated to ISE Securities & Services Ltd., Member-NSE to be careful in future in its dealings in the securities market and diligently adhere to the provisions of the SEBI Act, 1992, the Regulations and Circulars made there under.

DATE : 30/12/2005

PLACE: MUMBAI

MADHUKAR

WHOLE TIME MEMBER

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