

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 Shri Rajendra R Mehta, sub-broker, SEBI Registration No. INS 010564719, Affiliated to M/s. SKSE Securities Ltd., Member-BSE

Whereas, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an inspection of the books of accounts and other documents of Shri Rajendra R Mehta, a sub broker affiliated to M/s. SKSE Securities Ltd., Member-The Stock Exchange, Mumbai (hereinafter referred to as "sub-broker") into the alleged violations of the 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 to have been committed by the sub broker including those of irregularities in issuance of confirmation memos; deficiencies in the maintenance of clients' agreements & registration forms, non opening of separate clients' bank accounts, delay in payment of funds & delivery of securities to clients', maintaining running accounts without obtaining consent letter from the clients', payment of brokerage to its clients' and giving short term loans to the other sub-brokers; and

whereas, vide order dated January 07, 2004 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, Securities Contract (Regulation) Rules, 1957, 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 Circulars, and,

whereas, the Enquiry Officer after conducting the enquiry in terms of the Enquiry Regulations and finding that in the facts and circumstances of the case and the corrective steps taken by the sub broker, concluded that the alleged violations were minor lapses on the part of the sub broker which are procedural and technical in nature and therefore recommended minor penalty of warning against the sub broker vide his Enquiry Report dated October 21, 2004 ; and

whereas, a copy of the said Enquiry Report was forwarded to the sub broker along with a show cause notice dated November 03, 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 did not reply to the said show cause notice, and its reminder dated November 25, 2004 inspite of their receipt and therefore I am proceeding in the matter on the basis of the material available on record; and

whereas from the reply given by the sub broker to the Enquiry Officer and also during the hearing before the Enquiry Officer, I note that the sub broker has submitted that he has rectified all the deficiencies which has also been conceded 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 submissions made by the broker thereto, the recommendations of the Enquiry Officer, 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 Shri Rajendra R Mehta, a sub-broker bearing registration No. INS 010564719, affiliated to M/s. SKSE Securities Ltd., member-BSE 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

SECURITIES AND EXCHANGE BOARD OF INDIA