

WTM/GA/1/ERO/4/07

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: G. ANANTHARAMAN, WHOLE TIME MEMBER

ORDER

UNDER REGULATION 13(4) OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING ENQUIRY BY ENQUIRY OFFICER AND IMPOSING PENALTY) REGULATIONS, 2002 AGAINST M/S. PDC SECURITIES PVT. LTD., MEMBER, CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED IN RESPECT OF ITS DEALINGS IN THE SHARES OF GLOBE STOCKS & SECURITIES LIMITED.

Date of Hearing: February 19, 2007

Appearances:

For Noticee : Shri Om Prakash Daga, Authorised Representative

For Securities and Exchange Board of India : Shri Jayanta Jash, Dy. General Manager

1.0 BACKGROUND:

- 1.1 It was noticed that the price of the shares of Globe Stocks & Securities Ltd. (hereinafter referred to as the company) increased from Rs. 3.70 during July 2-6, 2001 to Rs. 28.80 during October 8-12, 2001 at Calcutta Stock Exchange Association Limited (hereinafter referred to as CSE), the stock exchange where the shares of the company were listed.
- 1.2 In view of the aforesaid unusual price movement noticed in the shares of the company, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation in respect of buying, selling and dealing in the shares of the company and to inquire into whether the said company, other intermediaries/persons associated with the said buying, selling and dealing in the shares of the company contravened the provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as the FUTP Regulations), Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as the Broker Regulations), Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, (hereinafter referred to as the 'Takeover Regulations') and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the insider Trading Regulations).
- 1.3 The investigation conducted by SEBI found that certain members of CSE namely, Shri. Ballab Dass Daga, Deepak Jhunhunwala & Co, PDC Securities Pvt. Ltd., N. M. Lohia & Co. and S.B. Bhutra & Co. traded substantially in the shares of the company and contributed 80% of the total turnover in the said shares at CSE during the period July 2, 2001 to October 12, 2001. The aforesaid members of CSE are also registered as stock broker with SEBI. The aforementioned PDC Securities Pvt. Ltd. is hereinafter referred to as the Broker.

1.4 It was found that the Broker had executed trades for 8,94,300 (both buy and sale) shares of the company on behalf of its various clients out of the total turnover 64,86,302 shares at CSE. The trades of the Broker accounted for 14% of the total volumes in the shares of the company at CSE. Investigation revealed that out of the aforesaid trades of the Broker, 8,93,000 shares were executed by way of cross deals wherein both the buy and sell orders were entered by the Broker in its single terminal almost at the same time with the same price and quantity with most of the trades being client to client transactions.

1.5 The transaction details of the Broker in the shares of the company at CSE are as follows :

Settlement No	Date of transaction	Purchase Qty	Sale Qty
2002115	2/7/2001	13000	13000
2002116	11/7/2001	110500	110000
2002117	19/7/2001	100000	100000
2002122	20/8/2001	0	100
	22/8/2001	100	0
2002122	28/8/2001	100	0
	29/8/2001	0	100
2002124	7/9/2001	300	0
2002125	10/9/2001	100	0
	14/9/2001	5000	5000
2002126	19/9/2001	28000	28000
	20/9/2001	7500	7500
2002127	25/9/2001	29000	29000
	27/9/2001	25000	25000
	28/9/2001	29000	29000
2002129	9/10/2001	30000	30000
	10/10/2001	50000	50000
	11/10/2001	20000	20000
		447600	446700

1.6 The cross deals executed by the Broker in the shares of company are given below:

Trade No.	Trade Date	TradeTime	OrderNo.	OrderDate	OrderTime	Qty.	Price (Rs.)	B /S
1055	02-Jul-01	12:42:22 PM	630789389	02-Jul-01	12:40:46 PM	500	3.70	B
1055	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1056	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1056	02-Jul-01	12:42:22 PM	630789384	02-Jul-01	12:40:22 PM	500	3.70	B
1057	02-Jul-01	12:42:22 PM	630789393	02-Jul-01	12:41:10 PM	500	3.70	B
1057	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1058	02-Jul-01	12:42:22 PM	630789397	02-Jul-01	12:41:37 PM	500	3.70	B
1058	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1059	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1059	02-Jul-01	12:42:22 PM	630789398	02-Jul-01	12:41:47 PM	500	3.70	B
1060	02-Jul-01	12:42:22 PM	630789400	02-Jul-01	12:41:59 PM	500	3.70	B
1060	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	500	3.70	S
1061	02-Jul-01	12:42:22 PM	630789401	02-Jul-01	12:42:11 PM	1000	3.70	B
1061	02-Jul-01	12:42:22 PM	630789404	02-Jul-01	12:42:22 PM	1000	3.70	S
1062	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1062	02-Jul-01	12:42:29 PM	630789389	02-Jul-01	12:40:46 PM	500	3.70	B
1063	02-Jul-01	12:42:29 PM	630789384	02-Jul-01	12:40:22 PM	500	3.70	B
1063	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1064	02-Jul-01	12:42:29 PM	630789393	02-Jul-01	12:41:10 PM	500	3.70	B
1064	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1065	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1065	02-Jul-01	12:42:29 PM	630789397	02-Jul-01	12:41:37 PM	500	3.70	B
1066	02-Jul-01	12:42:29 PM	630789398	02-Jul-01	12:41:47 PM	500	3.70	B
1066	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1067	02-Jul-01	12:42:29 PM	630789400	02-Jul-01	12:41:59 PM	500	3.70	B
1067	02-Jul-01	12:42:29 PM	630789406	02-Jul-01	12:42:29 PM	500	3.70	S
1068	02-Jul-01	12:42:30 PM	630789406	02-Jul-01	12:42:29 PM	1000	3.70	S
1068	02-Jul-01	12:42:30 PM	630789401	02-Jul-01	12:42:11 PM	1000	3.70	B
1069	02-Jul-01	12:42:40 PM	630789389	02-Jul-01	12:40:46 PM	500	3.70	B
1069	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S
1070	02-Jul-01	12:42:40 PM	630789384	02-Jul-01	12:40:22 PM	500	3.70	B
1070	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S
1071	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S
1071	02-Jul-01	12:42:40 PM	630789393	02-Jul-01	12:41:10 PM	500	3.70	B
1072	02-Jul-01	12:42:40 PM	630789397	02-Jul-01	12:41:37 PM	500	3.70	B
1072	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S
1073	02-Jul-01	12:42:40 PM	630789398	02-Jul-01	12:41:47 PM	500	3.70	B
1073	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S

1074	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	500	3.70	S
1074	02-Jul-01	12:42:40 PM	630789400	02-Jul-01	12:41:59 PM	500	3.70	B
1075	02-Jul-01	12:42:40 PM	630789401	02-Jul-01	12:42:11 PM	800	3.70	B
1075	02-Jul-01	12:42:40 PM	630789407	02-Jul-01	12:42:39 PM	800	3.70	S
1076	02-Jul-01	12:42:47 PM	630789389	02-Jul-01	12:40:46 PM	400	3.70	B
1076	02-Jul-01	12:42:47 PM	630789409	02-Jul-01	12:42:47 PM	400	3.70	S
1077	02-Jul-01	12:42:47 PM	630789409	02-Jul-01	12:42:47 PM	300	3.70	S
1077	02-Jul-01	12:42:47 PM	630789384	02-Jul-01	12:40:22 PM	300	3.70	B
1078	02-Jul-01	12:42:47 PM	630789393	02-Jul-01	12:41:10 PM	300	3.70	B
1078	02-Jul-01	12:42:47 PM	630789409	02-Jul-01	12:42:47 PM	300	3.70	S
1079	02-Jul-01	12:42:47 PM	630789397	02-Jul-01	12:41:37 PM	100	3.70	B
1079	02-Jul-01	12:42:47 PM	630789409	02-Jul-01	12:42:47 PM	100	3.70	S
1080	02-Jul-01	12:42:47 PM	630789409	02-Jul-01	12:42:47 PM	100	3.70	S
1080	02-Jul-01	12:42:47 PM	630789400	02-Jul-01	12:41:59 PM	100	3.70	B
1158	11-Jul-01	1:48:54 PM	511624071	11-Jul-01	1:48:54 PM	2500	3.70	S
1158	11-Jul-01	1:48:54 PM	511624062	11-Jul-01	1:48:11 PM	2500	3.70	B
1159	11-Jul-01	1:48:54 PM	511624066	11-Jul-01	1:48:34 PM	2500	3.70	B
1159	11-Jul-01	1:48:54 PM	511624071	11-Jul-01	1:48:54 PM	2500	3.70	S
1160	11-Jul-01	1:48:54 PM	511624062	11-Jul-01	1:48:11 PM	2500	3.70	B
1160	11-Jul-01	1:48:54 PM	511624071	11-Jul-01	1:48:54 PM	2500	3.70	S
1161	11-Jul-01	1:48:54 PM	511624071	11-Jul-01	1:48:54 PM	2500	3.70	S
1161	11-Jul-01	1:48:54 PM	511624066	11-Jul-01	1:48:34 PM	2500	3.70	B
1162	11-Jul-01	1:50:39 PM	511624062	11-Jul-01	1:48:11 PM	2500	3.70	B
1162	11-Jul-01	1:50:39 PM	511624101	11-Jul-01	1:50:39 PM	2500	3.70	S
1163	11-Jul-01	1:50:39 PM	511624066	11-Jul-01	1:48:34 PM	2500	3.70	B
1163	11-Jul-01	1:50:39 PM	511624101	11-Jul-01	1:50:39 PM	2500	3.70	S
1164	11-Jul-01	1:50:39 PM	511624101	11-Jul-01	1:50:39 PM	2500	3.70	S
1164	11-Jul-01	1:50:39 PM	511624074	11-Jul-01	1:49:21 PM	2500	3.70	B
1165	11-Jul-01	1:50:39 PM	511624075	11-Jul-01	1:49:40 PM	2500	3.70	B
1165	11-Jul-01	1:50:39 PM	511624101	11-Jul-01	1:50:39 PM	2500	3.70	S
1166	11-Jul-01	1:51:02 PM	511624092	11-Jul-01	1:50:12 PM	2500	3.70	B
1166	11-Jul-01	1:51:02 PM	511624107	11-Jul-01	1:51:01 PM	2500	3.70	S
1167	11-Jul-01	1:51:02 PM	511624107	11-Jul-01	1:51:01 PM	2500	3.70	S
1167	11-Jul-01	1:51:02 PM	511624062	11-Jul-01	1:48:11 PM	2500	3.70	B
1168	11-Jul-01	1:51:02 PM	511624066	11-Jul-01	1:48:34 PM	2500	3.70	B
1168	11-Jul-01	1:51:02 PM	511624107	11-Jul-01	1:51:01 PM	2500	3.70	S
1169	11-Jul-01	1:51:02 PM	511624074	11-Jul-01	1:49:21 PM	2500	3.70	B
1169	11-Jul-01	1:51:02 PM	511624107	11-Jul-01	1:51:01 PM	2500	3.70	S
1170	11-Jul-01	1:51:12 PM	511624110	11-Jul-01	1:51:11 PM	2500	3.70	S
1170	11-Jul-01	1:51:12 PM	511624075	11-Jul-01	1:49:40 PM	2500	3.70	B
1171	11-Jul-01	1:51:12 PM	511624092	11-Jul-01	1:50:12 PM	2500	3.70	B
1171	11-Jul-01	1:51:12 PM	511624110	11-Jul-01	1:51:11 PM	2500	3.70	S
1172	11-Jul-01	1:51:12 PM	511624074	11-Jul-01	1:49:21 PM	2500	3.70	B
1172	11-Jul-01	1:51:12 PM	511624110	11-Jul-01	1:51:11 PM	2500	3.70	S
1173	11-Jul-01	1:51:12 PM	511624110	11-Jul-01	1:51:11 PM	2500	3.70	S

1173	11-Jul-01	1:51:12 PM	511624075	11-Jul-01	1:49:40 PM	2500	3.70	B
1174	11-Jul-01	1:51:55 PM	511624092	11-Jul-01	1:50:12 PM	2500	3.70	B
1174	11-Jul-01	1:51:55 PM	511624113	11-Jul-01	1:51:55 PM	2500	3.70	S
1175	11-Jul-01	1:51:55 PM	511624074	11-Jul-01	1:49:21 PM	2500	3.70	B
1175	11-Jul-01	1:51:55 PM	511624113	11-Jul-01	1:51:55 PM	2500	3.70	S
1176	11-Jul-01	1:51:55 PM	511624113	11-Jul-01	1:51:55 PM	2500	3.70	S
1176	11-Jul-01	1:51:55 PM	511624075	11-Jul-01	1:49:40 PM	2500	3.70	B
1177	11-Jul-01	1:51:55 PM	511624092	11-Jul-01	1:50:12 PM	2500	3.70	B
1177	11-Jul-01	1:51:55 PM	511624113	11-Jul-01	1:51:55 PM	2500	3.70	S
1178	11-Jul-01	1:57:53 PM	511624146	11-Jul-01	1:54:53 PM	2500	3.70	B
1178	11-Jul-01	1:57:53 PM	511624172	11-Jul-01	1:57:52 PM	2500	3.70	S
1179	11-Jul-01	1:57:53 PM	511624172	11-Jul-01	1:57:52 PM	2500	3.70	S
1179	11-Jul-01	1:57:53 PM	511624157	11-Jul-01	1:56:07 PM	2500	3.70	B
1180	11-Jul-01	1:57:53 PM	511624160	11-Jul-01	1:56:38 PM	2500	3.70	B
1180	11-Jul-01	1:57:53 PM	511624172	11-Jul-01	1:57:52 PM	2500	3.70	S
1181	11-Jul-01	1:57:53 PM	511624165	11-Jul-01	1:57:04 PM	2500	3.70	B
1181	11-Jul-01	1:57:53 PM	511624172	11-Jul-01	1:57:52 PM	2500	3.70	S
1182	11-Jul-01	1:57:59 PM	511624174	11-Jul-01	1:57:59 PM	2500	3.70	S
1182	11-Jul-01	1:57:59 PM	511624169	11-Jul-01	1:57:26 PM	2500	3.70	B
1183	11-Jul-01	1:57:59 PM	511624171	11-Jul-01	1:57:38 PM	2500	3.70	B
1183	11-Jul-01	1:57:59 PM	511624174	11-Jul-01	1:57:59 PM	2500	3.70	S
1184	11-Jul-01	1:57:59 PM	511624146	11-Jul-01	1:54:53 PM	2500	3.70	B
1184	11-Jul-01	1:57:59 PM	511624174	11-Jul-01	1:57:59 PM	2500	3.70	S
1185	11-Jul-01	1:57:59 PM	511624174	11-Jul-01	1:57:59 PM	2500	3.70	S
1185	11-Jul-01	1:57:59 PM	511624157	11-Jul-01	1:56:07 PM	2500	3.70	B
1186	11-Jul-01	1:58:06 PM	511624160	11-Jul-01	1:56:38 PM	2500	3.70	B
1186	11-Jul-01	1:58:06 PM	511624175	11-Jul-01	1:58:06 PM	2500	3.70	S
1187	11-Jul-01	1:58:06 PM	511624165	11-Jul-01	1:57:04 PM	2500	3.70	B
1187	11-Jul-01	1:58:06 PM	511624175	11-Jul-01	1:58:06 PM	2500	3.70	S
1188	11-Jul-01	1:58:06 PM	511624175	11-Jul-01	1:58:06 PM	2500	3.70	S
1188	11-Jul-01	1:58:06 PM	511624169	11-Jul-01	1:57:26 PM	2500	3.70	B
1189	11-Jul-01	1:58:06 PM	511624171	11-Jul-01	1:57:38 PM	2500	3.70	B
1189	11-Jul-01	1:58:06 PM	511624175	11-Jul-01	1:58:06 PM	2500	3.70	S
1190	11-Jul-01	1:58:16 PM	511624146	11-Jul-01	1:54:53 PM	2500	3.70	B
1190	11-Jul-01	1:58:16 PM	511624179	11-Jul-01	1:58:15 PM	2500	3.70	S
1191	11-Jul-01	1:58:16 PM	511624179	11-Jul-01	1:58:15 PM	2500	3.70	S
1191	11-Jul-01	1:58:16 PM	511624157	11-Jul-01	1:56:07 PM	2500	3.70	B
1192	11-Jul-01	1:58:16 PM	511624160	11-Jul-01	1:56:38 PM	2500	3.70	B
1192	11-Jul-01	1:58:16 PM	511624179	11-Jul-01	1:58:15 PM	2500	3.70	S
1193	11-Jul-01	1:58:16 PM	511624165	11-Jul-01	1:57:04 PM	2500	3.70	B
1193	11-Jul-01	1:58:16 PM	511624179	11-Jul-01	1:58:15 PM	2500	3.70	S
1194	11-Jul-01	1:58:57 PM	511624191	11-Jul-01	1:58:57 PM	2500	3.70	S
1194	11-Jul-01	1:58:57 PM	511624169	11-Jul-01	1:57:26 PM	2500	3.70	B
1195	11-Jul-01	1:58:57 PM	511624171	11-Jul-01	1:57:38 PM	2500	3.70	B
1195	11-Jul-01	1:58:57 PM	511624191	11-Jul-01	1:58:57 PM	2500	3.70	S

1196	11-Jul-01	1:58:57 PM	511624146	11-Jul-01	1:54:53 PM	2500	3.70	B
1196	11-Jul-01	1:58:57 PM	511624191	11-Jul-01	1:58:57 PM	2500	3.70	S
1197	11-Jul-01	1:58:57 PM	511624191	11-Jul-01	1:58:57 PM	2500	3.70	S
1197	11-Jul-01	1:58:57 PM	511624157	11-Jul-01	1:56:07 PM	2500	3.70	B
1198	11-Jul-01	1:59:05 PM	511624160	11-Jul-01	1:56:38 PM	2500	3.70	B
1198	11-Jul-01	1:59:05 PM	511624194	11-Jul-01	1:59:05 PM	2500	3.70	S
1199	11-Jul-01	1:59:05 PM	511624165	11-Jul-01	1:57:04 PM	2500	3.70	B
1199	11-Jul-01	1:59:05 PM	511624194	11-Jul-01	1:59:05 PM	2500	3.70	S
1200	11-Jul-01	1:59:05 PM	511624194	11-Jul-01	1:59:05 PM	2500	3.70	S
1200	11-Jul-01	1:59:05 PM	511624169	11-Jul-01	1:57:26 PM	2500	3.70	B
1201	11-Jul-01	1:59:05 PM	511624171	11-Jul-01	1:57:38 PM	2500	3.70	B
1201	11-Jul-01	1:59:05 PM	511624194	11-Jul-01	1:59:05 PM	2500	3.70	S
1298	19-Jul-01	10:58:38 AM	511648059	19-Jul-01	10:58:38 AM	10000	3.10	S
1298	19-Jul-01	10:58:38 AM	511648057	19-Jul-01	10:58:32 AM	10000	3.10	B
1299	19-Jul-01	10:58:55 AM	511648065	19-Jul-01	10:58:50 AM	10000	3.10	B
1299	19-Jul-01	10:58:55 AM	511648068	19-Jul-01	10:58:55 AM	10000	3.10	S
1300	19-Jul-01	10:59:26 AM	511648078	19-Jul-01	10:59:20 AM	10000	3.10	B
1300	19-Jul-01	10:59:26 AM	511648082	19-Jul-01	10:59:25 AM	10000	3.10	S
1301	19-Jul-01	10:59:48 AM	511648090	19-Jul-01	10:59:48 AM	5000	3.10	S
1301	19-Jul-01	10:59:48 AM	511648087	19-Jul-01	10:59:43 AM	5000	3.10	B
1302	19-Jul-01	10:59:48 AM	511648087	19-Jul-01	10:59:43 AM	5000	3.10	B
1302	19-Jul-01	10:59:48 AM	511648090	19-Jul-01	10:59:48 AM	5000	3.10	S
1303	19-Jul-01	11:00:06 AM	511648093	19-Jul-01	10:59:59 AM	5000	3.10	B
1303	19-Jul-01	11:00:06 AM	511648097	19-Jul-01	11:00:06 AM	5000	3.10	S
1304	19-Jul-01	11:00:06 AM	511648097	19-Jul-01	11:00:06 AM	5000	3.10	S
1304	19-Jul-01	11:00:06 AM	511648093	19-Jul-01	10:59:59 AM	5000	3.10	B
1305	19-Jul-01	11:01:12 AM	511648111	19-Jul-01	11:01:06 AM	5000	3.10	B
1305	19-Jul-01	11:01:12 AM	511648116	19-Jul-01	11:01:12 AM	5000	3.10	S
1306	19-Jul-01	11:01:12 AM	511648116	19-Jul-01	11:01:12 AM	5000	3.10	S
1306	19-Jul-01	11:01:12 AM	511648111	19-Jul-01	11:01:06 AM	5000	3.10	B
1307	19-Jul-01	11:01:26 AM	511648119	19-Jul-01	11:01:22 AM	5000	3.10	B
1307	19-Jul-01	11:01:26 AM	511648120	19-Jul-01	11:01:26 AM	5000	3.10	S
1308	19-Jul-01	11:01:26 AM	511648119	19-Jul-01	11:01:22 AM	5000	3.10	B
1308	19-Jul-01	11:01:26 AM	511648120	19-Jul-01	11:01:26 AM	5000	3.10	S
1309	19-Jul-01	11:01:43 AM	511648122	19-Jul-01	11:01:42 AM	5000	3.10	S
1309	19-Jul-01	11:01:43 AM	511648121	19-Jul-01	11:01:38 AM	5000	3.10	B
1310	19-Jul-01	11:01:43 AM	511648121	19-Jul-01	11:01:38 AM	5000	3.10	B
1310	19-Jul-01	11:01:43 AM	511648122	19-Jul-01	11:01:42 AM	5000	3.10	S
1311	19-Jul-01	11:02:10 AM	511648132	19-Jul-01	11:02:04 AM	5000	3.10	B
1311	19-Jul-01	11:02:10 AM	511648135	19-Jul-01	11:02:10 AM	5000	3.10	S
1312	19-Jul-01	11:02:10 AM	511648135	19-Jul-01	11:02:10 AM	5000	3.10	S
1312	19-Jul-01	11:02:10 AM	511648132	19-Jul-01	11:02:04 AM	5000	3.10	B
1313	19-Jul-01	11:02:41 AM	511648143	19-Jul-01	11:02:36 AM	5000	3.10	B
1313	19-Jul-01	11:02:41 AM	511648144	19-Jul-01	11:02:41 AM	5000	3.10	S
1314	19-Jul-01	11:02:41 AM	511648143	19-Jul-01	11:02:36 AM	5000	3.10	B

1314	19-Jul-01	11:02:41 AM	511648144	19-Jul-01	11:02:41 AM	5000	3.10	S
1597	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	1000	10.20	B
1597	14-Sep-01	1:58:00 PM	630917806	14-Sep-01	1:54:15 PM	1000	10.20	S
1598	14-Sep-01	1:58:00 PM	630917817	14-Sep-01	1:55:20 PM	1000	10.20	S
1598	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	1000	10.20	B
1599	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1599	14-Sep-01	1:58:00 PM	630917836	14-Sep-01	1:56:05 PM	500	10.20	S
1600	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1600	14-Sep-01	1:58:00 PM	630917852	14-Sep-01	1:57:22 PM	500	10.20	S
1601	14-Sep-01	1:58:00 PM	630917858	14-Sep-01	1:57:41 PM	500	10.20	S
1601	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1602	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1602	14-Sep-01	1:58:00 PM	630917836	14-Sep-01	1:56:05 PM	500	10.20	S
1603	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1603	14-Sep-01	1:58:00 PM	630917852	14-Sep-01	1:57:22 PM	500	10.20	S
1604	14-Sep-01	1:58:00 PM	630917858	14-Sep-01	1:57:41 PM	500	10.20	S
1604	14-Sep-01	1:58:00 PM	630917866	14-Sep-01	1:57:59 PM	500	10.20	B
1606	19-Sep-01	2:18:32 PM	541673238	19-Sep-01	2:18:32 PM	2500	10.90	B
1606	19-Sep-01	2:18:32 PM	541673233	19-Sep-01	2:18:11 PM	2500	10.90	S
1607	19-Sep-01	2:18:32 PM	541673238	19-Sep-01	2:18:32 PM	2500	10.90	B
1607	19-Sep-01	2:18:32 PM	541673233	19-Sep-01	2:18:11 PM	2500	10.90	S
1608	19-Sep-01	2:18:32 PM	541673233	19-Sep-01	2:18:11 PM	2500	10.90	S
1608	19-Sep-01	2:18:32 PM	541673238	19-Sep-01	2:18:32 PM	2500	10.90	B
1609	19-Sep-01	2:18:32 PM	541673238	19-Sep-01	2:18:32 PM	1500	10.90	B
1609	19-Sep-01	2:18:32 PM	541673233	19-Sep-01	2:18:11 PM	1500	10.90	S
1610	19-Sep-01	2:19:51 PM	541673247	19-Sep-01	2:19:51 PM	2500	10.90	B
1610	19-Sep-01	2:19:51 PM	541673242	19-Sep-01	2:19:10 PM	2500	10.90	S
1611	19-Sep-01	2:19:51 PM	541673245	19-Sep-01	2:19:38 PM	2500	10.90	S
1611	19-Sep-01	2:19:51 PM	541673247	19-Sep-01	2:19:51 PM	2500	10.90	B
1612	19-Sep-01	2:19:51 PM	541673247	19-Sep-01	2:19:51 PM	2500	10.90	B
1612	19-Sep-01	2:19:51 PM	541673242	19-Sep-01	2:19:10 PM	2500	10.90	S
1613	19-Sep-01	2:19:51 PM	541673247	19-Sep-01	2:19:51 PM	2500	10.90	B
1613	19-Sep-01	2:19:51 PM	541673245	19-Sep-01	2:19:38 PM	2500	10.90	S
1614	19-Sep-01	2:20:05 PM	541673242	19-Sep-01	2:19:10 PM	2500	10.90	S
1614	19-Sep-01	2:20:05 PM	541673248	19-Sep-01	2:20:05 PM	2500	10.90	B
1615	19-Sep-01	2:20:05 PM	541673248	19-Sep-01	2:20:05 PM	2500	10.90	B
1615	19-Sep-01	2:20:05 PM	541673245	19-Sep-01	2:19:38 PM	2500	10.90	S
1616	19-Sep-01	2:20:05 PM	541673248	19-Sep-01	2:20:05 PM	1500	10.90	B
1616	19-Sep-01	2:20:05 PM	541673242	19-Sep-01	2:19:10 PM	1500	10.90	S
1617	19-Sep-01	2:20:05 PM	541673245	19-Sep-01	2:19:38 PM	2500	10.90	S
1617	19-Sep-01	2:20:05 PM	541673248	19-Sep-01	2:20:05 PM	2500	10.90	B
1626	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1626	20-Sep-01	2:22:55 PM	541678845	20-Sep-01	2:20:50 PM	500	11.70	S
1627	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1627	20-Sep-01	2:22:55 PM	541678853	20-Sep-01	2:21:15 PM	500	11.70	S

1628	20-Sep-01	2:22:55 PM	541678871	20-Sep-01	2:22:07 PM	500	11.70	S
1628	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1629	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1629	20-Sep-01	2:22:55 PM	541678845	20-Sep-01	2:20:50 PM	500	11.70	S
1630	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1630	20-Sep-01	2:22:55 PM	541678853	20-Sep-01	2:21:15 PM	500	11.70	S
1631	20-Sep-01	2:22:55 PM	541678871	20-Sep-01	2:22:07 PM	500	11.70	S
1631	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1632	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1632	20-Sep-01	2:22:55 PM	541678845	20-Sep-01	2:20:50 PM	500	11.70	S
1633	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1633	20-Sep-01	2:22:55 PM	541678853	20-Sep-01	2:21:15 PM	500	11.70	S
1634	20-Sep-01	2:22:55 PM	541678871	20-Sep-01	2:22:07 PM	500	11.70	S
1634	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1635	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1635	20-Sep-01	2:22:55 PM	541678845	20-Sep-01	2:20:50 PM	500	11.70	S
1636	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1636	20-Sep-01	2:22:55 PM	541678853	20-Sep-01	2:21:15 PM	500	11.70	S
1637	20-Sep-01	2:22:55 PM	541678871	20-Sep-01	2:22:07 PM	500	11.70	S
1637	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1638	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1638	20-Sep-01	2:22:55 PM	541678845	20-Sep-01	2:20:50 PM	500	11.70	S
1639	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1639	20-Sep-01	2:22:55 PM	541678853	20-Sep-01	2:21:15 PM	500	11.70	S
1640	20-Sep-01	2:22:55 PM	541678871	20-Sep-01	2:22:07 PM	500	11.70	S
1640	20-Sep-01	2:22:55 PM	541678885	20-Sep-01	2:22:54 PM	500	11.70	B
1646	25-Sep-01	2:58:23 PM	571401004	25-Sep-01	2:58:23 PM	2500	14.00	B
1646	25-Sep-01	2:58:23 PM	571400983	25-Sep-01	2:57:24 PM	2500	14.00	S
1647	25-Sep-01	2:58:23 PM	571401004	25-Sep-01	2:58:23 PM	7500	14.00	B
1647	25-Sep-01	2:58:23 PM	571400985	25-Sep-01	2:57:52 PM	7500	14.00	S
1648	25-Sep-01	2:58:48 PM	571400985	25-Sep-01	2:57:52 PM	2500	14.00	S
1648	25-Sep-01	2:58:48 PM	571401009	25-Sep-01	2:58:48 PM	2500	14.00	B
1649	25-Sep-01	2:58:48 PM	571401009	25-Sep-01	2:58:48 PM	2500	14.00	B
1649	25-Sep-01	2:58:48 PM	571400983	25-Sep-01	2:57:24 PM	2500	14.00	S
1650	25-Sep-01	2:58:48 PM	571401009	25-Sep-01	2:58:48 PM	2500	14.00	B
1650	25-Sep-01	2:58:48 PM	571400983	25-Sep-01	2:57:24 PM	2500	14.00	S
1651	25-Sep-01	2:58:48 PM	571400983	25-Sep-01	2:57:24 PM	2500	14.00	S
1651	25-Sep-01	2:58:48 PM	571401009	25-Sep-01	2:58:48 PM	2500	14.00	B
1652	25-Sep-01	3:00:10 PM	571401028	25-Sep-01	3:00:10 PM	9000	14.00	B
1652	25-Sep-01	3:00:10 PM	571401015	25-Sep-01	2:59:24 PM	9000	14.00	S
1667	27-Sep-01	2:54:21 PM	541699644	27-Sep-01	2:54:21 PM	2500	16.00	B
1667	27-Sep-01	2:54:21 PM	451592131	27-Sep-01	2:52:05 PM	2500	16.00	S
1668	27-Sep-01	2:54:21 PM	451592151	27-Sep-01	2:53:23 PM	2500	16.00	S
1668	27-Sep-01	2:54:21 PM	541699644	27-Sep-01	2:54:21 PM	2500	16.00	B
1669	27-Sep-01	2:54:21 PM	541699644	27-Sep-01	2:54:21 PM	5000	16.00	B

1669	27-Sep-01	2:54:21 PM	451592162	27-Sep-01	2:54:00 PM	5000	16.00	S
1670	27-Sep-01	2:54:51 PM	451592179	27-Sep-01	2:54:51 PM	2500	16.00	B
1670	27-Sep-01	2:54:51 PM	451592131	27-Sep-01	2:52:05 PM	2500	16.00	S
1671	27-Sep-01	2:54:51 PM	451592151	27-Sep-01	2:53:23 PM	2500	16.00	S
1671	27-Sep-01	2:54:51 PM	451592179	27-Sep-01	2:54:51 PM	2500	16.00	B
1672	27-Sep-01	2:54:51 PM	451592179	27-Sep-01	2:54:51 PM	2500	16.00	B
1672	27-Sep-01	2:54:51 PM	451592131	27-Sep-01	2:52:05 PM	2500	16.00	S
1673	27-Sep-01	2:54:51 PM	451592179	27-Sep-01	2:54:51 PM	2500	16.00	B
1673	27-Sep-01	2:54:51 PM	451592151	27-Sep-01	2:53:23 PM	2500	16.00	S
1674	27-Sep-01	2:55:08 PM	451592131	27-Sep-01	2:52:05 PM	2500	16.00	S
1674	27-Sep-01	2:55:08 PM	451592183	27-Sep-01	2:55:08 PM	2500	16.00	B
1675	27-Sep-01	2:55:08 PM	451592183	27-Sep-01	2:55:08 PM	2500	16.00	B
1675	27-Sep-01	2:55:08 PM	451592151	27-Sep-01	2:53:23 PM	2500	16.00	S
1684	28-Sep-01	2:11:24 PM	630956397	28-Sep-01	2:09:49 PM	2500	16.00	S
1684	28-Sep-01	2:11:24 PM	630956440	28-Sep-01	2:11:23 PM	2500	16.00	B
1685	28-Sep-01	2:11:24 PM	630956440	28-Sep-01	2:11:23 PM	2500	16.00	B
1685	28-Sep-01	2:11:24 PM	630956409	28-Sep-01	2:10:15 PM	2500	16.00	S
1686	28-Sep-01	2:11:24 PM	630956440	28-Sep-01	2:11:23 PM	2500	16.00	B
1686	28-Sep-01	2:11:24 PM	630956424	28-Sep-01	2:10:45 PM	2500	16.00	S
1687	28-Sep-01	2:11:24 PM	630956397	28-Sep-01	2:09:49 PM	2500	16.00	S
1687	28-Sep-01	2:11:24 PM	630956440	28-Sep-01	2:11:23 PM	2500	16.00	B
1688	28-Sep-01	2:11:46 PM	630956449	28-Sep-01	2:11:46 PM	2500	16.00	B
1688	28-Sep-01	2:11:46 PM	630956409	28-Sep-01	2:10:15 PM	2500	16.00	S
1689	28-Sep-01	2:11:46 PM	630956449	28-Sep-01	2:11:46 PM	2500	16.00	B
1689	28-Sep-01	2:11:46 PM	630956424	28-Sep-01	2:10:45 PM	2500	16.00	S
1690	28-Sep-01	2:11:46 PM	630956397	28-Sep-01	2:09:49 PM	2500	16.00	S
1690	28-Sep-01	2:11:46 PM	630956449	28-Sep-01	2:11:46 PM	2500	16.00	B
1691	28-Sep-01	2:11:46 PM	630956449	28-Sep-01	2:11:46 PM	2500	16.00	B
1691	28-Sep-01	2:11:46 PM	630956409	28-Sep-01	2:10:15 PM	2500	16.00	S
1692	28-Sep-01	2:12:34 PM	630956469	28-Sep-01	2:12:34 PM	2500	16.00	B
1692	28-Sep-01	2:12:34 PM	630956424	28-Sep-01	2:10:45 PM	2500	16.00	S
1693	28-Sep-01	2:12:34 PM	630956397	28-Sep-01	2:09:49 PM	2500	16.00	S
1693	28-Sep-01	2:12:34 PM	630956469	28-Sep-01	2:12:34 PM	2500	16.00	B
1694	28-Sep-01	2:12:34 PM	630956469	28-Sep-01	2:12:34 PM	2500	16.00	B
1694	28-Sep-01	2:12:34 PM	630956409	28-Sep-01	2:10:15 PM	2500	16.00	S
1695	28-Sep-01	2:12:34 PM	630956469	28-Sep-01	2:12:34 PM	1500	16.00	B
1695	28-Sep-01	2:12:34 PM	630956424	28-Sep-01	2:10:45 PM	1500	16.00	S
1725	09-Oct-01	3:36:33 PM	630978588	09-Oct-01	3:35:31 PM	10000	24.80	S
1725	09-Oct-01	3:36:33 PM	630978605	09-Oct-01	3:36:32 PM	10000	24.80	B
1726	09-Oct-01	3:36:48 PM	630978614	09-Oct-01	3:36:48 PM	10000	24.80	B
1726	09-Oct-01	3:36:48 PM	630978593	09-Oct-01	3:35:51 PM	10000	24.80	S
1727	09-Oct-01	3:37:01 PM	630978621	09-Oct-01	3:37:01 PM	10000	24.80	B
1727	09-Oct-01	3:37:01 PM	630978599	09-Oct-01	3:36:07 PM	10000	24.80	S
1728	10-Oct-01	2:25:38 PM	630981834	10-Oct-01	2:13:54 PM	2500	26.50	S
1728	10-Oct-01	2:25:38 PM	630981925	10-Oct-01	2:25:38 PM	2500	26.50	B

1729	10-Oct-01	2:25:38 PM	630981925	10-Oct-01	2:25:38 PM	2500	26.50	B
1729	10-Oct-01	2:25:38 PM	630981841	10-Oct-01	2:14:23 PM	2500	26.50	S
1730	10-Oct-01	2:25:38 PM	630981925	10-Oct-01	2:25:38 PM	2500	26.50	B
1730	10-Oct-01	2:25:38 PM	630981921	10-Oct-01	2:24:23 PM	2500	26.50	S
1731	10-Oct-01	2:25:38 PM	630981834	10-Oct-01	2:13:54 PM	2500	26.50	S
1731	10-Oct-01	2:25:38 PM	630981925	10-Oct-01	2:25:38 PM	2500	26.50	B
1732	10-Oct-01	2:25:56 PM	630981928	10-Oct-01	2:25:55 PM	2500	26.50	B
1732	10-Oct-01	2:25:56 PM	630981841	10-Oct-01	2:14:23 PM	2500	26.50	S
1733	10-Oct-01	2:25:56 PM	630981928	10-Oct-01	2:25:55 PM	2500	26.50	B
1733	10-Oct-01	2:25:56 PM	630981921	10-Oct-01	2:24:23 PM	2500	26.50	S
1734	10-Oct-01	2:25:56 PM	630981834	10-Oct-01	2:13:54 PM	2500	26.50	S
1734	10-Oct-01	2:25:56 PM	630981928	10-Oct-01	2:25:55 PM	2500	26.50	B
1735	10-Oct-01	2:25:56 PM	630981928	10-Oct-01	2:25:55 PM	2500	26.50	B
1735	10-Oct-01	2:25:56 PM	630981841	10-Oct-01	2:14:23 PM	2500	26.50	S
1736	10-Oct-01	2:26:09 PM	630981929	10-Oct-01	2:26:09 PM	500	26.50	B
1736	10-Oct-01	2:26:09 PM	630981834	10-Oct-01	2:13:54 PM	500	26.50	S
1737	10-Oct-01	2:26:40 PM	630981834	10-Oct-01	2:13:54 PM	2000	26.50	S
1737	10-Oct-01	2:26:40 PM	630981930	10-Oct-01	2:26:40 PM	2000	26.50	B
1738	10-Oct-01	2:26:40 PM	630981930	10-Oct-01	2:26:40 PM	2500	26.50	B
1738	10-Oct-01	2:26:40 PM	630981841	10-Oct-01	2:14:23 PM	2500	26.50	S
1739	10-Oct-01	2:28:30 PM	630981944	10-Oct-01	2:28:30 PM	2500	26.50	B
1739	10-Oct-01	2:28:30 PM	630981935	10-Oct-01	2:27:14 PM	2500	26.50	S
1740	10-Oct-01	2:28:30 PM	630981939	10-Oct-01	2:27:38 PM	2500	26.50	S
1740	10-Oct-01	2:28:30 PM	630981944	10-Oct-01	2:28:30 PM	2500	26.50	B
1741	10-Oct-01	2:28:30 PM	630981944	10-Oct-01	2:28:30 PM	5000	26.50	B
1741	10-Oct-01	2:28:30 PM	630981940	10-Oct-01	2:27:57 PM	5000	26.50	S
1742	10-Oct-01	2:28:54 PM	630981947	10-Oct-01	2:28:54 PM	2500	26.50	B
1742	10-Oct-01	2:28:54 PM	630981935	10-Oct-01	2:27:14 PM	2500	26.50	S
1743	10-Oct-01	2:28:54 PM	630981939	10-Oct-01	2:27:38 PM	2500	26.50	S
1743	10-Oct-01	2:28:54 PM	630981947	10-Oct-01	2:28:54 PM	2500	26.50	B
1744	10-Oct-01	2:28:54 PM	630981947	10-Oct-01	2:28:54 PM	2500	26.50	B
1744	10-Oct-01	2:28:54 PM	630981935	10-Oct-01	2:27:14 PM	2500	26.50	S
1745	10-Oct-01	2:28:54 PM	630981947	10-Oct-01	2:28:54 PM	2500	26.50	B
1745	10-Oct-01	2:28:54 PM	630981939	10-Oct-01	2:27:38 PM	2500	26.50	S
1746	10-Oct-01	2:29:15 PM	630981935	10-Oct-01	2:27:14 PM	2500	26.50	S
1746	10-Oct-01	2:29:15 PM	630981950	10-Oct-01	2:29:14 PM	2500	26.50	B
1747	10-Oct-01	2:29:15 PM	630981950	10-Oct-01	2:29:14 PM	2500	26.50	B
1747	10-Oct-01	2:29:15 PM	630981939	10-Oct-01	2:27:38 PM	2500	26.50	S
1750	11-Oct-01	1:37:19 PM	451619814	11-Oct-01	1:37:18 PM	10000	27.00	B
1750	11-Oct-01	1:37:19 PM	451619809	11-Oct-01	1:36:26 PM	10000	27.00	S
1751	11-Oct-01	1:37:47 PM	451619810	11-Oct-01	1:36:46 PM	10000	27.00	S
1751	11-Oct-01	1:37:47 PM	451619816	11-Oct-01	1:37:47 PM	10000	27.00	B

- 1.7 In view of the above, it has been alleged that the Broker has prima facie violated regulation 4 (a) and 4 (b) of the FUTP Regulations, regulation 7 of the Broker Regulations, clause A (1), A (2), A(4) and B (2) (d) of the Code of Conduct specified in the Broker Regulations, the SEBI circular No. SMD/MDP/CIR/043/96 dated August 5, 1996.

2.0 APPOINTMENT OF ENQUIRY OFFICER

- 2.1 On completion of investigations, SEBI appointed an Enquiry officer vide order dated July 08, 2004 under regulation 5(1) of Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as the Enquiry Regulations) to enquire into the alleged violations committed by the Broker as mentioned above while dealing in the shares of the company.
- 2.2 Accordingly, a notice dated August 26, 2004 was issued to the Broker asking it to show cause as to why recommendations under regulation 13 (1) of the Enquiry Regulations should not be imposed against it. The copy of the proceedings in respect of the appointment of the Enquiry Officer and the findings of the investigation were also forwarded to the Broker with the said show cause notice. The Broker filed its reply before the Enquiry Officer. Though an opportunity was provided by the Enquiry Officer, the Broker failed to avail the same. The Enquiry Officer in his report dated September 30, 2005 did not recommend any action against the Broker, as according to him the charges leveled against the Broker were not established.

3.0 CONSIDERATION OF ISSUES AND FINDINGS.

- 3.1 I note that the Broker had executed substantial trades in the shares of the company, the shares of which were illiquid at the time when the trades were executed by the Broker, including cross deals (99.85% of its transactions in the said shares at CSE during the above period) almost on a regular basis as specified in the table at para 1.6. Both sell and buy orders were placed almost at the same time from the single terminal of the Broker with the same quantity, price etc. In the process, the Broker had allowed its clients to execute trades at a pre determined price and time causing price variations and thereby, impaired the market integrity by entering into trades which were not genuine. In view of the above, I observe that the Broker has prima facie violated the provisions of Regulation 4 (a) and (b) of the FUTP Regulations and clauses A (1), (2) and (4) of the Code of Conduct stipulated in Schedule II to the Broker Regulations.
- 3.2 Accordingly a notice dated April 21, 2006 was issued to the Broker asking it to show cause as to why a major penalty of suspension of the certificate of registration for a period of six months should not be imposed against it. The Broker vide letter dated May 29, 2006 inter alia requested SEBI to grant three weeks' time to reply to the aforesaid show cause notice. Thereafter, the Broker vide letter dated May 29, 2006 while requesting SEBI to grant three weeks' time to file the reply stated that it would wish to repeat and reiterate all the contentions as contained in its reply dated September 15, 2005. Further, vide letter June 15, 2006 the Broker inter alia requested four weeks' time to file its reply.
- 3.3 The Broker further vide letter dated February 15, 2007 inter alia stated that the quantities purchased were not voluminous. The Broker clarified that the trades executed were not by way of single transaction and that the said trades were executed in small lots. The Broker contended that the

shares of the company were thinly traded and therefore, the investors were placing buy and sell orders as and when a counter offer was available in the market. The Broker stated that it had traded only at the prevailing market price. In respect of the cross deals, the Broker added that that there was no prohibition in the execution of such deals. The Broker contended that there was no instance where it had failed to exercise due skill, care and diligence in the conduct of its business. The Broker claimed that the show cause notice did not mention that the Broker and client indulged in the creation of false market.

- 3.4 The Broker further stated that the investigation could not bring any specific case that the interest of investors were not adversely affected by its action and that it had not indulged in the interference with the fair and smooth functioning of the market. The Broker stated that there was no case of raising or depressing the market prices of the shares of the company. The Broker clarified that the investigation could not bring any specific case about the manipulations and that there was no complaint lodged against him before the present show cause notice. The Broker further stated that it has not violated Regulation 4 (a) and (b) of the FUTP Regulations. Finally the Broker requested SEBI to drop the proceedings in view of the above submissions.
- 3.5 The Broker was also granted an opportunity of hearing on February 19, 2007. Shri Om Prakash Daga, authorised representative of the Broker made submissions before me on behalf of the Broker.
- 3.6 I have perused the investigation report, the enquiry report, the show cause notices dated August 26, 2004 and April 21, 2006, the letters dated May 29, 2006, June 15, 2006, February 15, 2007 of the Broker, the oral submissions made on behalf of the Broker at the time of the hearing and other materials available on record.

- 3.7 At the outset, I would like to mention that in terms of the provisions of the Enquiry Regulations, the report of the Enquiry Officer is only recommendatory in nature and he may only recommend for the imposition of either minor or major penalties as mentioned thereof.
- 3.8 In terms of regulation 13(4) of the Enquiry Regulations, the competent authority {Chairman or Member (as the case may be)}, upon the receipt of enquiry report is empowered to pass such order as he may deem fit after considering the reply filed by the intermediary concerned. The expression “pass such order as he may deem fit” is not only restricted to the passing of orders which are final in character. If the competent authority has the jurisdiction to pass any order in reference to a specific case called for by it as it thinks fit, obviously it can come to a different conclusion from the one to which the Enquiry Officer had arrived, on the same set of facts. Regulation 13(4) of the Enquiry Regulations confers a wide jurisdiction enabling the Competent Authority to take an entirely different view on the same set of facts. In a given case, the competent authority is empowered to take into account the material factors which were available on record but were not considered by the Enquiry Officer, for the purposes of doing justice. I am of the considered view that the trades executed by the Broker in the shares of the company on behalf of its clients were in prima facie in violation of the provisions of the FUTP Regulations and the Code of Conduct specified in the Broker Regulations and hence called for a major penalty as provided in the Enquiry Regulations. Accordingly, the show cause notice dated April 21, 2006 was issued to the Broker and thereby, an opportunity was provided to the Broker to make its submissions in respect of the show cause notice and the proposed major penalty.
- 3.9 The Broker was also granted an opportunity of hearing by me on February 19, 2007. The said opportunities were provided by SEBI to the Broker

towards the compliance of the principles of natural justice, so that the Broker could make its submission/explanation, if any, against the proposal to enhance the penalty. Therefore, as evident from regulation 13(4) of the Enquiry Regulations, the recommendations of the Enquiry Officer are not binding on the Competent Authority i.e. Chairman or the Member, SEBI, as the case may be and he can pass such order as it thinks fit.

3.10 The Broker has not disputed the trades done by it on behalf of its clients in the shares of the company at CSE during July 2001 to October 2001. In the said process, the Broker had executed trades for 894300 shares of the said company out of the total turnover of 64,86,302 shares at CSE. I note that the majority of the aforesaid trades of the Broker were by way of cross deals executed at its single terminal. The details of the cross deals executed by the Broker are explained in detail in the table given in para 1.6 above. On a perusal of the said trades, it can be seen that the Broker had executed cross deals on a regular basis from July 2, 2001 to October 11, 2001. The price of the shares of the company on July 2, 2001 was Rs.3.70 and the Broker executed trades continuously (as mentioned in the table at para 1.6) till October 11, 2001, when the price of the shares of the company reached Rs.27.

3.11 I note that the cross deals accounted for majority of the trades of the Broker at CSE in the shares of the company between July 2001 to October 2001 as shown in the table at para 1.6. The continuity and the consistency with which the said cross deals were executed by the Broker on behalf of its clients in the shares of the company cannot be a matter of coincidence, considering its nature (the price, quantity and time) and its recurrence in a row. It can be seen that most of the buy and the sell orders were placed by the Broker at almost the same time, with just a difference of few seconds. The said proximity in the placing of orders at the same price and for the same quantity, resulted in the matching of the aforesaid

transactions, with all the ingredients i.e. quantity, price and the time, required to conclude the trades. Above all it has to be seen that all the transactions were executed at the single terminal of the Broker.

3.12 The method and manner in which the said cross deals were executed will clearly establish that the same were meant for the purpose of manipulating the price and volumes in the shares of the company, against the fundamentals of the functioning of the securities market. The transactions executed by the Broker undoubtedly increased the volume and price of the shares of the company artificially to induce the genuine investors to invest in the said shares. The continuous trades (majority of them were cross deals) executed by the Broker in the shares of the company at its own single terminal would make it clear that the Broker was a necessary party in creating a false market, artificial volume and price in the shares of the company which were otherwise illiquid. I note that at the time when the Broker was actively executing cross deals in the shares of the company, the price had increased from Rs.3.70 to Rs.27/-, a rise of 729%.

3.13 It can be seen from the table shown in para 1.6 above, that the cross deals executed by the Broker comprised of 99.85% of its total volume in the shares of the company, which was illiquid at the time of the said trades. In the given circumstances, considering the nature of the trades (uniformity in time, quantity and price etc.), it can not be said that the said transactions were genuine. The series of trades in the form of cross deals, considering its numbers, quantity etc. will only lead to the finding that all the deals were done with the purpose of manipulating the price / volume in the shares of the company and thereby the securities market to the detriment of the genuine investors. The said concerted level of activity, that too continuously over a period of more than three months, is only compatible with the purposes of manipulating the securities market on the

part of the Broker. Such transactions undoubtedly create an artificial market to mislead the genuine investors and the said transactions create false volumes. It is too much of a coincidence over too long a period in too many transactions (as mentioned in table 1.6) when the same stock broker had entered into buy and sell orders for the same quantity of shares almost simultaneously.

- 3.14 The Broker should have stopped executing such transactions which would affect the interest of the genuine investors in the securities market. The Broker failed to do such exercise which was expected from a prudent stock broker who had a duty not only towards its client but also towards the securities market. On the other hand, the Broker continued to execute such trades. The cross deals were executed from the same terminal and almost at the same time. The trades executed by the Broker were not genuine in the sense that the said trades were executed between client to client at the same terminal.
- 3.15 In the above facts and circumstances, it is fairly established that the trades of the Broker in the shares of the company were done for the purpose of creating false and misleading appearance of trading and for the purpose of manipulating the price of the shares of the said company and that the same should be within the knowledge of the Broker, when the anonymity of screen - based trading has been breached by his pervasive presence on both sides. Obviously the tell - tale circumstances surrounding the said transactions make it suspect. In spite of the same, the fact that the Broker executed cross deals for his clients substantially lends support to the finding that the Broker was a necessary party to the transactions giving rise to artificiality in the market. Instead of exercising caution, the Broker had executed large number of trades and thereby was instrumental in creating artificial volumes in the shares of the company.

3.16 The provisions of Regulation 4 of the said Regulations is reproduced herein below for the sake of reference.

“No person shall -

- (a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;
- (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;
- (c) indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions;
- (d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress , or cause fluctuations in the market price of securities.
- (e) pay, offer or agree to pay or offer, directly or indirectly, to any person any money or money's worth for inducing another person to purchase or sell any security with the sole object of inflating, depressing, or causing fluctuations in the market price of securities”.

3.17 The peculiar nature of the trades executed by the Broker and the modus operandi in those transactions persuades me to the conclusion that these transactions were the outcome of a predetermined and planned action. In the present case, admittedly the Broker itself was executing transactions on both sides (buy and sell). The Broker allowed its clients to trade in the shares of the company substantially. Cross deals involving interplay of market forces, pre supposes the active participation of the Broker. In the present case, the Broker was directly involved and was trading on both

sides of the transactions and the same itself will prove the direct participation of the Broker in the entire transactions that took place in the shares of the company for the purpose of giving a misleading appearance of trading in the market and thereby artificially increasing the volume and price of the said shares. I note that the increase in the share price of the company at CSE during the above period occurred as a result of the aforesaid cross deals executed by the Broker and in the process, the Broker had also created artificial volumes in the shares of the company.

- 3.18 In the facts and circumstances, the trades executed by the Broker in the shares of the company at CSE as explained above in detail, would only lead to the conclusion that same were not genuine which created misleading appearance of trading on the securities market and was intended only for the purpose artificially raising the prices of shares of the company thereby inducing the sale or purchase of the said shares by any person. The Broker's direct participation (on both buy and sell sides) would prove him guilty in respect of the market manipulation. In an illiquid scrip like the one in the instant case, cross deals accounting for 99.85% that too continuously and persistently as indicated in table at para 1.6 over the period from July 2001 to October 2001 when the price of the scrip rose sharply by 729% are clearly demonstrative of artificiality, since such huge volumes in an illiquid scrip can not be reflective of the investor interests but only the measure of artificiality. The Broker, by virtue of his presence, on both sides of the terminal, was a necessary party and privy to the ongoing manipulation which was detrimental to the interest of unsuspecting investors. Therefore, his plea of innocence based upon market dynamics can not pass muster, when such dynamics was engineered by artificiality to jack up the price for obvious collateral benefits to the parties at the cost of the integrity of the market.

3.19 I further note that the trades executed by the Broker in the shares of the company as aforesaid created a false appearance of trading and was intended to operate only as a device to inflate, depress, or cause fluctuations in the said shares. Once the factum of manipulation is proved, then as observed by SAT in the matter of Ketan Parekh Vs SEBI, the investors are affected by the said manipulation. The relevant observation made by SAT in this regard is reproduced as below:

“When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy / sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged.”

3.20 A cumulative analysis of the facts of the case, clearly indicate that the Broker did not act in a bonafide manner. On the contrary, the above facts

highlight its complete involvement in the creation of misleading market in the shares of the company and the creation of artificial volume and price in the said shares.

- 3.21 The natural corollary to this issue is whether the Broker had maintained high standards of integrity, promptitude, fairness and exercised due skill, care and diligence in the conduct of its business. In terms of the Code of Conduct prescribed under the provisions of the Broker Regulations, a stock broker shall not create false market or indulge in any act detrimental to the investors' interest or which leads to the interference with the fair and smooth functioning of the securities market. The trades (including the cross deals) executed by the Broker as explained in detail above will prove that the said trades in the shares of the company created a misleading appearance in the market and further created artificial volume and price in the said shares by vitiating the price movement mechanism prevailing in the securities market. It further shows that the Broker had not exercised due skill, care and diligence and not maintained high standards of integrity, promptitude, fairness in the conduct of its business.
- 3.22 Therefore, it is fairly established that the Broker had violated the provisions of Regulations 4(a) and (b) of the FUTP Regulations and clauses A(1) (2) and (4) of the Code of Conduct specified in Schedule II of the Broker Regulations.
- 3.23 In the facts and circumstances, the violations committed by the Broker call for penalty and therefore, I do not find any reason to agree with the recommendation of the Enquiry Officer. Considering the facts of the case as discussed in detail, I find that this is a fit case for imposing major penalty of suspension of the certificate of registration of the Broker, as ordered herein under.

4.0 ORDER

- 4.1 In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 of the Securities and Exchange Board of India Act, 1992 read with regulation 13(4) of Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, hereby impose a major penalty of suspension of the certificate of registration of PDC Securities Pvt. Ltd. (Registration No. INB030978739), Member, Calcutta Stock Exchange Association Ltd. for a period of six months.
- 4.2 This order shall come into force immediately on the expiry of 21 days from the date of this order.

G ANANTHARAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai

Date : 5-4-2007