

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

Coram: Shri V. K. Chopra

**In the matter of M/s Harikishan Hiralal now known as Shreehari Hira
Stock Broking Pvt. Ltd., member, Bombay Stock Exchange Ltd. (BSE) (SEBI
Registration No. INB011233336)**

In the scrip of SMR Universal Softech Limited.

Date of hearing: 04.07.07

Appearances:

**For Noticee: Shri Shivkumar H. Bissa, Proprietor of M/s Harikishan
Hiralal**

Shri Abdul Wahab A. H. Mukri, Advocate

For SEBI: Mrs. Barnali Mukherjee, DGM

Shri Narendra Rawat, AGM

Mohammed Rahaz P. M., Legal Officer

ORDER

**Under Regulation 13(4) of SEBI (Procedure for Holding Enquiry by
Enquiry Officer and Imposing Penalty) Regulations, 2002**

1. M/s Harikishan Hiralal (hereinafter referred to as 'HH') is registered with the Securities and Exchange Board of India (hereinafter referred to as SEBI) as a stock broker and is member of the Bombay Stock Exchange Ltd. (hereinafter referred to as BSE) having SEBI registration no. INB011233336.

2. During 3rd and 4th week of June, 2002, SEBI came across a large number of advertisements in respect of certain companies whose scrips were apparently illiquid. Almost all the advertisements proclaimed that the Board of the company is about to consider a corporate action such as buy-back of shares/issue of shares on preferential basis/bonus issue/issue of non-convertible debentures. Since the theme of all these advertisements was about certain corporate action and almost all the companies were claiming stupendous past performance, it was observed that there was a spurt in prices and/or volumes in the scrips of these companies in or around the issuance of such advertisements.
3. One of such companies was SMR Universal Softech Ltd. (hereinafter referred to as SMR) for which advertisements proposing buy-back of shares were issued in four Business Dailies. The scrip of SMR was listed at BSE on October 29, 2001 and since then there was no trading in the scrip. The first trade took place on April 01, 2002, wherein its price opened at Rs.120/-, touched a high of Rs.121.35 and closed at the same price i.e., Rs.121.35. Thereafter between April 02, 2002 and May 12, 2002, there was no trading in the scrip. On May 13, 2002 the price of the scrip reached its high of Rs.135/- and on subsequent trading days the price of the scrip dropped to Rs.36.10 on May 21, 2002. From May 24, 2002 onwards the circuit filter of the scrip was reduced from 20% to 10% and therefore price of the scrip had gradually dropped from Rs.34/- (opening price on May 24, 2002) to Rs.3.95 (closing price on July 31, 2002).
4. In the advertisements issued by SMR on June 26, 2002, SMR had proposed buyback of 20,00,000 shares at the price of Rs. 30 per share but later on the proposal was dropped. However, it was found that the promoter and related entities bought partly paid up shares from the market and allegedly fraudulently converted into fully paid up capital and offloaded

the said shares in the market through Parklight Investments Pvt. Ltd. (hereinafter referred to as 'PIPL') and its associates. In view of the advertisements that had appeared in the newspapers on June 26, 2002 and the trading pattern in the scrip of SMR prior to and after the issuance of the advertisements, SEBI conducted investigation into the trading in the said scrip for the period from April 01, 2002 to July 31, 2002 to ascertain the violation, if any, of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations'), SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as 'Broker Regulations').

5. The investigations revealed that a select group of brokers were acting for select group of clients who had traded substantially in the scrip of SMR during the relevant period. HH was one of those brokers and it was alleged that HH by executing fictitious and synchronized trades for its clients mainly Shri Vasant Bissa, had violated the provisions of Regulations 4(a), (b), (c) & (d) of PFUTP Regulations and provisions of Clause A(2), (3) & (4) of the Code of Conduct enumerated under Schedule II of Regulation 7 of Broker Regulations.
6. Therefore, vide order dated March 31, 2004, an Enquiry Officer was appointed by SEBI under Regulation 5 of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as the Enquiry Regulations) to enquire into the affairs of the broker in the matter of alleged manipulation in the shares of SMR and possible violations of the provisions of Regulations 4(a), (b), (c) & (d) of PFUTP Regulations and provisions of Clauses A(2), (3) & (4) of the Code of Conduct enumerated under Schedule II of Regulation 7 of

Broker Regulations by the said broker. Accordingly, a notice dated November 19, 2004 was issued to the said broker by the Enquiry Officer. The said broker while clarifying its position vis-à-vis the charges leveled against, submitted reply vide letter dated December 31, 2004 to the aforesaid notice. The said broker also appeared before the then Enquiry Officer on January 13, 2005 and submitted that intention is necessary element in attributing charges under PFUTP Regulations and in the instant case only the client might have intention of artificially raising or depressing the price and not the broker who acted as per the instructions of the client for the sole purpose of earning brokerage.

7. Subsequently due to administrative reasons, a new Enquiry Officer was appointed vide order dated December 20, 2005. The new Enquiry Officer in adherence to the principles of natural justice granted one more opportunity of hearing on March 01, 2006. However, HH vide its letter dated February 28, 2006 informed that it does not wish to avail another opportunity of hearing in the matter. The new Enquiry Officer after conducting the Enquiry in terms of the Enquiry Regulations found that the said broker was guilty of violating the provisions of Clause A (2) of Code of Conduct of Broker Regulations. However, the new enquiry Officer exonerated HH from the charges of violating the provisions of PFUTP after observing that no evidence is on record which establishes the nexus between the broker and the said client. In view of the aforesaid, the Enquiry Officer in his report dated March 31, 2006 recommended a minor penalty of censure against HH.
8. A copy of the said Enquiry Report along with a show cause notice dated April 26, 2006 was issued to the said broker under Regulation 13(2) of the Enquiry Regulations informing about the Enquiry Officer's findings and

recommendation and advising it to show cause as to why action as recommended by the Enquiry Officer or as deemed fit by SEBI should not be taken against it. HH was also advised to explain why consequential action under regulation 3(2) of SEBI (Criteria for Fit and Proper Person) Regulations, 2004 should not be taken against it.

9. HH replied to the said show cause notice vide letter dated May 11, 2006 wherein it submitted that the enquiry officer has categorically recorded that HH have not violated the provisions of regulations 4(a), (b) & (d) of PFUTP Regulations. The enquiry officer also did not hold HH guilty of violating the provisions of clause A (3) & (4) of the Code of Conduct for stock brokers under Schedule II of the Broker Regulations. With regard to the charge of violating the provision of clause A (2) of the Code of Conduct specified under Schedule II read with regulation 7 of Broker Regulations, HH submitted that in the show cause notice issued prior to enquiry proceedings there was no charge against it that it had failed to exercise due care and diligence. HH also submitted that Shri Vasant Bissa was acting as a jobber in the firm of HH who continues to effect transactions through it as its constituent. The transactions in the scrip in question were effected by it at the instance of Shri Vasant Bissa and in accordance with the instructions given by him from time to time. It was further submitted that due to long outstanding relationship between HH and Shri Vasant Bissa it had developed full faith and confidence in him and as such did not doubt genuineness of the transactions in question.
10. Having gone through the aforesaid reply of HH, I carefully examined the investigation report, show cause notice and the enquiry report and found that the concentration of the trades executed by HH, pattern of trading and its connection with the client Shri Vasant Bissa who is the real brother

of the proprietor of HH Shri Shivkumar H Bissa, indicates that these trades were prima-facie in violation of regulation 4(a), (b) and (d) of PFUTP Regulation and clause A(2), (3) and (4) of Code of Conduct as specified in Schedule II read with regulation 7 of Broker Regulations. In view of the aforesaid, another show cause notice dated June 14, 2007 was issued to HH calling upon it to show cause as to why higher penalty as considered appropriate should not be imposed on it in terms of regulation 13(2) of the enquiry regulations. HH was also granted the opportunity of hearing on July 04, 2007 which was attended by Shri Shivkumar H Bissa, proprietor of HH along with advocate Shri Mukri. HH also vide letter dated July, 24, 2007 filed post hearing written submissions stating therein that since its advocate Shri Mukri is preoccupied in his court matters, it is filing an interim reply and will file a detailed reply along with supporting documents in a span of three/four weeks. No further reply was however filed by HH.

11. In the aforesaid written reply, HH submitted that Shri Vasant Bissa was involved in jobbing transacting and HH has purely acted as broker only without any other interest. He also added that Shri Vasant Bissa has effected various transactions in various scrips during the period under investigation and merely because of Shri Vasant Bissa and Shri Shivkumar are brothers, cannot and does not in any manner alter the position. It also denied that it entered into any synchronized deal and/or circular transaction on behalf on its client Vasant Bissa. On the issue of synchronization of trades with PIPL and that its office address is same as PIPL, it stated that in the month of June 2002 one Shri Pratikbhai Shah approached them for opening their branch office at Ahmedabad and convinced them that he had premises at Ahmedabad. Believing the representation of Shri Pratikbhai Shah they agreed to setup their branch

office which was to be looked after him. Thereafter with effect from July 3, 2002 their Ahmedabad Branch office started functioning and continued its business upto March 13, 2004 and after that the said BOLT no. 6 surrendered to the Exchange.

12. I have considered the investigation report, show cause notices, written submissions, enquiry report and other materials available on record.
13. I note that the scrip of SMR was listed at BSE on October 29, 2001 and since then there was no trading in the scrip. The first trade took place on April 01, 2002, wherein its price opened at Rs.120/-, touched a high of Rs.121.35 and closed at the same price i.e., Rs.121.35. Thereafter between April 02, 2002 and May 12, 2002, there was no trading in the scrip. On May 13, 2002 the price of the scrip reached its high of Rs.135/- and on subsequent trading days, the price of the scrip dropped to Rs.36.10 on May 21, 2002. From May 24, 2002 onwards the circuit filter of the scrip was reduced from 20% to 10% and therefore price of the scrip had then gradually dropped from Rs.34/- (opening price on May 24, 2002) to Rs.3.95 (closing price on July 31, 2002). The open, high, low, close price of the scrip during the period of investigation is as under:-

Open	Rs. 120.00 (01/04/02)
High	Rs.135.00 (13/05/02)
Low	Rs.3.65(31/07/02)
Close	Rs.3.95 (31/07/02)
Volume	7278205 shares

14. From the detailed trade and order log, it is observed that on May 13, 2002, there was a sudden rise in the volume of the scrip of SMR wherein total 320 trades were executed for 50,000 shares. From the order log, it was also

observed that the broker HH was the first broker to have placed consecutive buy and sell orders. The buy orders were placed at lower rates than the sell order and therefore the same were not executed. The first trade on this day was executed at 10:39:41 as the sell order placed by the broker VSE Securities Limited for 2000 shares @ Rs.130 was executed with the buy order for 2000 shares @ Rs.130/- at 10:38:46 by the broker HH. At 10:40:46 onwards brokers ASE Securities Limited on behalf of its ultimate client Park Light Securities Limited and HH on behalf of its ultimate client Shri V. H. Bissa had placed buy and sell orders within 10-15 seconds of each other. On execution of these orders, the price of the scrip had moved up from Rs.129.5 at 10:40:46 to Rs.135/- at 10:42:10. Then the broker VSE Securities Limited placed consecutive sell orders at Rs.129/- to Rs.129.75 which were executed with the buy orders of HH on behalf of its ultimate client V H Bissa which brought the price down to Rs.129/- at 10:46:53.

15. It is further noted that the terminal no.6 from which the broker HH was placing orders and terminal no. 28 from which PIPL was placing orders were located at the same address and had the same telephone number. It was further observed that the buying client V H Bissa was also a client of PIPL. Further, I note from the investigation report that Shri Vasant Bissa and Shivkumar Bissa, proprietor of HH are brothers, a fact which has also been admitted by the broker HH. This shows the relationship between the entities and the brokers indicating the fact that the transaction was only for creation of artificial volumes and for influencing the price. However, this particular fact has been missed out by the Enquiry Officer and he has exonerated HH of the charges of violating the provisions of Regulation 4 (a), (b) and (d) of PFUTP only on the ground that there is no evidence on

record which establishes the nexus between the broker HH and Shri Vasant Bissa.

16. Coming to the legal provisions, it would be pertinent to quote here the provisions of Regulation 4 (a), (b) and (d) of PFUTP.

Prohibition against Market Manipulation

4. 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)

(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.

17. It is noted from the investigation report that a select group of brokers had traded substantially for a select group of clients in the scrip during the period of investigation contributing 60.08% in terms of Gross Purchases, 87.21% in terms of Gross Sales and 97.13% in terms of Net Sales. Trading details of the said brokers are as follows:

BSE Clearing No	Broker	Gross Purchase	Gross Sale	Net Trade	Major Clients
407	Parklight Investment Pvt. Ltd	1371480	2998713	-1627233	1. PIPL Trading a/c 2. Coverage& Consultant 3. Jhaveri Securities

267	Harikrishan Hiralal (HH)	1151120	1227395	-76275	1. V H Bissa
307	Ventura Securities Ltd.	787025	720100	+66925	1 Dhaval V Shah 2.Parklight Securities Ltd.
293	ASE Securities Ltd.	490600	477900	+12700	1. Parklight Securities Ltd.
296	MP Securities Ltd.	385369	463569	-78200	1. Coverage & Consultant
747	SVS Securities Pvt. Ltd.	148600	145700	+32900	1.Own Account
653	Equisearch Broking Ltd.	5105	259105	-254000	1. Tushar Jhaveri (Jhaveri Securities)

18. It is noted from the comparison of buy and sell orders by the aforesaid brokers with the total valid market buy and sell orders and purchases/sales made by the said brokers with total market traded quantity that these brokers had significant percentage in order as well as trades in each of the settlements during the period pertaining to investigation.
19. I further note that HH had mainly dealt on behalf of Shri V.H. Bissa. Its gross purchase for Shri Bissa was 1151120 shares and gross sale was 1227395 shares. It is also noted that Shri Bissa was also a registered client of broker Park Light Investment Pvt. Ltd. (PIPL) which was not only a major broker in the scrip but also its group entities were major clients in the scrip.
20. It is noted from the findings of investigation that on 13.05.02, 14.05.02, 15.05.02 & 16.05.02, the scrip touched its intra-day low with last trade. It is further noted that HH along with other brokers had placed the sell order at the lower circuit limit on these days. As there were no trades after these

trades, they had resulted in the last trades and thus, established the closing price of the scrip on that day.

21. It is observed that HH and other brokers were matching their buy and sell orders and were reversing their position in the same settlement. As mentioned aforesaid the clients of these brokers were connected / related to each other or with the broker Park Light Investment Pvt. Ltd.
22. It is further noted from the findings of investigation that one of these brokers was revealing the entire quantity of its order to the market while the counter party brokers to the trade were not revealing entire quantity of their orders which resulted in execution of multiple trades instead of one single trade. It is clear from the repetitive instances of execution of single order resulting into multiple trades that these brokers had intention to create a false impression of wider participation of investing public trading in the scrip during the period of investigation.
23. It is further noted from the findings of investigation that the maximum number of instances where one single order had resulted in influencing the price downwards were on the days when the scrip price had witnessed a sharp fall. It was observed that majority of these orders were placed by HH and other brokers.
24. It is noted from the analysis of trade and order log that HH and other brokers had placed synchronized buy and sell orders, which were executed with each other and had resulted in price fall. It is also found that these brokers were reversing their positions during the settlement and at the end of the settlement either there was no delivery taken or given or the quantity was negligible. On analysis of the trading pattern

during the day, it is observed that the trading pattern adopted by these brokers among themselves was circular in nature. The trades executed by HH were as follows:

Table 1 (on 13.5.2002)

A.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Error Cd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
ASE Securities Ltd. (ASL)	B	L	129.5	1000	1000	A	10:40:46	0	29320100000578606	P089	ParkLight Sec.	1000	00.00.09
HH	S	L	129.5	1000	100	A	10:40:55	0	26700600010046116	5070	V H Bissa		

B.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Error Cd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
ASL	B	L	132	1000	1000	A	10:41:06	0	29320200000175004	P089	ParkLight Sec.	1000	00.00.18
HH	S	L	132	1000	100	A	10:41:22	0	26700600010046117	5070	V H Bissa		

C.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Error Cd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders

ASL	B	L	133	1000	1000	A	10:41:30	0	29320100000578610	P089	ParkLight Sec.	1000	00.00.03
HH	S	L	132.5	1000	100	A	10:41:33	0	26700600010046118	5070	V H Bissa		

D.

Me mbe r	B/ S	T y pe	Rate (Rs.)	Qty	Av Qty	A/ U/ D	Time	Er rC d	Order No.	Clie nt Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	133.5	1000	100	A	10:41:51	0	26700600010046119	5070	V H Bissa	1000	00.00.05
ASL	B	L	134	1000	1000	A	10:41:56	0	29320200000175018	P089	ParkLight Sec.		

E.

Me mbe r	B/ S	T y pe	Rate (Rs.)	Qty	Av Qty	A/ U/ D	Time	Er rC d	Order No.	Clie nt Code	Client Name	Execute d with each other for	Time difference between the orders
ASL	B	L	135	1000	1000	A	10:42:10	0	29320200000175022	P089	ParkLight Sec.	1000	00.00.03
HH	S	L	134.5	1000	100	A	10:42:13	0	26700600010046120	5070	V H Bissa		

F.

Me mbe r	B/ S	T y pe	Rate (Rs.)	Qty	Av Qty	A/ U/ D	Time	Er rC d	Order No.	Clie nt Code	Client Name	Execute d with each other for	Time difference between the orders
253	S	L	129.75	1500	150	A	10:46:30	0	25308500000000132	J03	N.A.	4000	00.00.23
253	S	L	129.25	1500	150	A	10:46:42	0	25308500000000133	J03	N.A.		00.00.14
253	S	L	129	1000	100	A	10:46:53	0	25308500000000134	J03	N.A.		
HH	B	L	129.25	2000	200	A	10:46:53	0	26700600010046122	5070	V H Bissa		
HH	B	L	129.75	2000	200	A	10:47:07	0	26700600010046123	5070	V H Bissa		

G.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
Park light Investment Pvt Ltd (PIPL)	S	L	128	2000	200	A	10:57:25	0	40702800000015008	P111	PIPL	2000	00.00.01
HH	B	L	129	2000	200	A	10:57:26	0	26700600010046126	5070	V H Bissa		

H.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	B	L	128.25	1500	150	A	10:57:45	0	26700600010046127	5070	V H Bissa	3000	00.00.04
PIPL	S	L	128.25	3000	300	A	10:57:49	0	40702800000015009	P111	PIPL		00.00.04
HH	B	L	128.25	1500	150	A	10:57:51	0	26700600010046128	5070	V H Bissa		

I.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders

PIPL	S	L	120	10000	1000	A	11:19:46	0	40702800000015053	P111	PIPL	9905 Balance 95 shares with buy order .of 267 placed at 10:36:45	00.00.07 00.00.13 00.00.17 00.00.56 00.01.10
HH	B	L	120	905	100	A	11:19:53	0	26700600010046139	5070	V H Bissa		
HH	B	L	120	1200	120	A	11:19:59	0	26700600010046140	5070	V H Bissa		
HH	B	L	120	800	80	A	11:20:03	0	26700600010046141	5070	V H Bissa		
HH	B	L	120	2000	200	A	11:20:09	0	26700600010046142	5070	V H Bissa		
HH	B	L	120	3000	300	A	11:20:52	0	26700600010046143	5070	V H Bissa		
HH	B	L	120	2000	200	A	11:20:56	0	26700600010046144	5070	V H Bissa		

J.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	116	5000	500	A	11:35:03	0	26700600010046145	5070	V H Bissa	10000	00.00.28
HH	S	L	114	5000	500	A	11:35:09	0	26700600010046146	5070	V H Bissa		00.00.22
PIPL	B	L	116	10000	1000	A	11:35:31	0	40702800000015068	P111	PIPL		

K.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
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Ventura Securities (VS)	S	L	103	3500	350	A	11:42:57	0	30700100010042152	D061	Dhaval Shah	3350	00.00.12
HH	B	L	103	3350	500	A	11:43:09	0	26700600010046148	5070	V H Bissa		

L.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
VS	B	L	102	1000	100	A	12:08:03	0	30700100010042158	D061	Dhaval Shah	3500	00.00.27 00.00.15 00.00.07
VS	B	L	100	500	50	A	12:08:15	0	30700100010042159	D061	Dhaval Shah		
VS	B	L	97.1	2000	200	A	12:08:23	0	30700100010042160	D061	Dhaval Shah		
HH	S	L	97.1	4000	400	A	12:08:30	0	26700600010046164	5070	V H Bissa		

Table 2 (on 14.5.2002)

A.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	114.75	2000	200	A	13:33:20	0	40702800000015437	P111	PIPL	4000	00.00.29 00.00.49
PIPL	S	L	114	2000	200	A	13:33:29	0	40702800000015438	P111	PIPL		
HH	B	L	114	3000	3000	A	13:33:49	0	26700600010046370	5070	V H Bissa		
HH	B	L	114.75	1000	1000	A	13:34:18	0	26700600010046372	5070	V H Bissa		

B.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	114.75	200	20	A	13:35:58	0	40702800000015439	P111	PIPL	900	00.01.02
PIPL	S	L	114.5	200	50	A	13:36:22	0	40702800000015440	P111	PIPL		00.00.38
PIPL	S	L	114.25	500	50	A	13:36:42	0	40702800000015441	P111	PIPL		00.00.18
HH	B	L	115	900	90	A	13:37:00	0	26700600010046373	5070	V H Bissa		

C.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	113.5	2000	200	A	13:37:52	0	40702800000015442	P111	PIPL	4100	00.00.38
PIPL	S	L	113.25	2100	250	A	13:38:14	0	40702800000015443	P111	PIPL		00.00.16
HH	B	L	114	5000	500	A	13:38:30	0	26700600010046374	5070	V H Bissa		

D.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	113	3000	300	A	13:41:06	0	40702800000015444	P111	PIPL	5000	00.00.24
PIPL	S	L	112.75	2000	200	A	13:41:14	0	40702800000015445	P111	PIPL		00.00.16
HH	B	L	114	5000	500	A	13:41:30	0	26700600010046376	5070	V H Bissa		

E.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	110.15	3000	300	A	13:50:12	0	26700600010046380	5070	V H Bissa	5000	00.00.30 00.00.19
HH	S	L	101	2000	200	A	13:50:23	0	26700600010046381	5070	V H Bissa		
ASL	B	L	110.25	5000	500	A	13:50:42	0	29320100000582379	P089	Parklight Securities		

F.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	102.35	3000	300	A	13:58:54	0	26700600010046382	5070	V H Bissa	5000	00.00.25 00.00.17
HH	S	L	101.05	2000	200	A	13:59:02	0	26700600010046383	5070	V H Bissa		
PIPL	B	L	102.5	5000	500	A	13:59:19	0	40702800000015450	P111	PIPL		

G.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	100	1500	150	A	13:59:39	0	26700600010046384	5070	V H Bissa	4000	00.00.14 00.00.07
HH	S	L	99.5	2500	250	A	13:59:46	0	26700600010046385	5070	V H Bissa		
PIPL	B	L	100	4000	400	A	13:59:53	0	40702800000015451	P111	PIPL		

H.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	92	5000	500	A	14:18:53	0	40702800000015465	P111	PIPL	5000	00.00.10
HH	B	L	92	1200	120	A	14:19:03	0	26700600010046402	5070	V H Bissa		00.00.15
HH	B	L	92	1300	130	A	14:19:08	0	26700600010046403	5070	V H Bissa		00.00.19
HH	B	L	92	2500	250	A	14:19:12	0	26700600010046404	5070	V H Bissa		

I.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	85.25	1500	150	A	14:19:45	0	26700600010046405	5070	V H Bissa	5000	00.01.00
HH	S	L	83.2	1500	150	A	14:19:54	0	26700600010046406	5070	V H Bissa		00.00.51
HH	S	L	80.5	2000	200	A	14:20:01	0	26700600010046407	5070	V H Bissa		00.00.44
VS	B	L	86	5000	500	A	14:20:45	0	30700100010042269	D061	Dhaval V Shah		

Table 3 (on 15.5.2002)

A.

Member	B/S	T/y	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	80	10000	1000	A	12:31:36	0	40702800000015544	P111	PIPL	10000	00.00.10
HH	B	L	82	1000	100	A	12:31:46	0	26700600010046468	5070	V H Bissa		00.00.14
HH	B	L	81	1500	150	A	12:31:50	0	26700600010046469	5070	V H Bissa		00.00.15
ASL	B	L	81	1000	100	A	12:31:51	0	29320100000584632	P089	Parkligh Securities		00.00.21 00.00.28

HH	B	L	80.5	2500	250	A	12:31:57	0	26700600010046470	5070	V H Bissa		00.00.41
ASL	B	L	81	1000	100	A	12:32:04	0	29320100000584637	P089	Parkligh Securities		00.00.57 00.01.08
ASL	B	L	81	1000	100	A	12:32:17	0	29320200000181091	P089	Parkligh Securities		
ASL	B	L	81	1000	100	A	12:32:33	0	29320200000181093	P089	Parkligh Securities		
ASL	B	L	81	1000	100	A	12:32:44	0	29320200000181095	P089	Parkligh Securities		

B.

Me mbe r	B/ S	T y pe	Rate (Rs.)	Qty	Av Qty	A/ U/ D	Time	Er rC d	Order No.	Clie nt Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	79.75	5000	500	A	12:56:48	0	26700600010046474	5070	V H Bissa	5000	00.00.11
PIPL	B	L	79.75	2500	250	A	12:56:59	0	40702800000015555	P111	PIPL		00.00.15
PIPL	B	L	79.75	2500	250	A	12:57:03	0	40702800000015556	P111	PIPL		

C.

Me mbe r	B/ S	T y pe	Rate (Rs.)	Qty	Av Qty	A/ U/ D	Time	Er rC d	Order No.	Clie nt Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	74	15000	1500	A	13:08:31	0	40702800000015561	P111	PIPL	15000	00.00.08
ASL	B	L	75	5000	500	A	13:08:39	0	29320100000584919	P089	Parkligh Securities		00.00.11 00.00.15
HH	B	L	75	3000	300	A	13:08:42	0	26700600010046478	5070	V H Bissa		00.00.21
HH	B	L	76	2000	200	A	13:08:46	0	26700600010046479	5070	V H Bissa		00.00.25
HH	B	L	77	4000	400	A	13:08:52	0	26700600010046480	5070	V H Bissa		
HH	B	L	74	1000	100	A	13:08:56	0	26700600010046481	5070	V H Bissa		

D.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	73	5000	500	A	13:50:13	0	26700600010046485	5070	V H Bissa	15000	00.00.40
HH	S	L	72	5000	500	A	13:50:21	0	26700600010046486	5070	V H Bissa		00.00.32
ASL	S	L	71	5000	500	A	13:50:40	0	29320100000585106	P089	Parklight Securities		00.00.13
PIPL	B	L	75	15000	15000	A	13:50:53	0	40702800000015571	P111	PIPL		

Table 4 (on 16.5.2002)

A.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	Er rC d	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
PIPL	S	L	64	5000	500	A	11:15:10	0	40702800000015724	P111	PIPL	25000	00.00.56 to
PIPL	S	L	65	5000	500	A	11:15:14	0	40702800000015725	P111	PIPL		00.01.44
PIPL	S	L	66	5000	500	A	11:15:19	0	40702800000015726	P111	PIPL		
PIPL	S	L	63	5000	500	A	11:15:23	0	40702800000015727	P111	PIPL		
PIPL	S	L	58	5000	500	A	11:15:37	0	40702800000015728	P111	PIPL		
ASL	B	L	65	5000	500	A	11:16:06	0	29320100000586707	P089	Parkligh Securities		
HH	B	L	64	3000	300	A	11:17:04	0	26700600010046538	5070	V H Bissa		
HH	B	L	65	3000	300	A	11:17:08	0	26700600010046539	5070	V H Bissa		
HH	B	L	66	4000	400	A	11:17:16	0	26700600010046540	5070	V H Bissa		
HH	B	L	70	5000	500	A	11:17:21	0	26700600010046541	5070	V H Bissa		

B.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	58	5000	500	A	12:44:49	0	26700600010046585	5070	V H Bissa	15000	00.00.23
HH	S	L	59.5	5000	500	A	12:44:53	0	26700600010046586	5070	V H Bissa		00.00.19
HH	S	L	60	5000	500	A	12:44:59	0	26700600010046587	5070	V H Bissa		00.00.13
PIPL	B	L	60	15000	1500	A	12:45:12	0	40702800000015772	P111	PIPL		

C.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	S	L	57	3000	300	A	12:48:46	0	26700600010046588	5070	V H Bissa	5000	00.00.21
HH	S	L	56	2000	200	A	12:48:52	0	26700600010046589	5070	V H Bissa		00.00.15
PIPL	B	L	58	5000	500	A	12:49:07	0	40702800000015775	P111	PIPL		

D.

Member	B/S	Type	Rate (Rs.)	Qty	Av Qty	A/U/D	Time	ErrCd	Order No.	Client Code	Client Name	Execute d with each other for	Time difference between the orders
HH	B	L	54.15	5000	500	A	12:49:24	0	26700600010046590	5070	V H Bissa	5000	00.00.08
PIPL	S	L	54.15	5000	500	A	12:49:32	0	40702800000015776	P111	PIPL		

25. A close reading of all the abovementioned trading evidences the fact that there was a matching of the buy and the sell quantity, as well as price. The buy and sell orders were also placed at almost the same time, with just a difference of about a minute. It is noted that substantial number of trades were executed by HH on 4 days. It is also pertinent to note that simultaneous orders (time differences ranging from 0.01 seconds to 57 seconds) were placed in all those days which resulted in trades. Further a reversal of the quantity traded is also evident from the facts of the case. Execution of trades in identical fashion over a period of time between the same parties indicate that the same are structured trades.
26. Upon examining the submissions by HH, I am of the considered view that, had the trades executed by HH been genuine, the possibility of such perfect matching would not have been possible. This is too much of a coincidence. One or two deals on the exchange may be synchronized but trades to the extent of such number of deals as pointed out in the tables above are definitely done with some inbuilt component of 'intent' involved. Greater the number of synchronized trades, the larger are their chances of not being genuine in nature. Accordingly, it is bound to adversely affect the market equilibrium.
27. The basis of holding these trades as synchronized trades is in conformity with the principles as laid down by the Hon'ble Securities Appellate Tribunal vide order dated October 31, 2003 in Appeal No.54 - 57 of 2002 (**Nirmal Bang Securities Pvt. Ltd., Vs SEBI**), wherein it observed that when the parties decide to synchronize the transaction, the intention is implicit. In such cases many transactions give an impression that these transactions were all synchronized otherwise there was no possibility of such perfect matching of quantity, price, etc. It was too much of

coincidence over too long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. The said observations of the tribunal are noted in respect of the facts and circumstances of the present case.

28. It is pertinent to note that the trades executed by the broker was not an isolated incident on a particular day. From the facts of the case it is noted that the said trades were executed for the client Shri V. H. Bissa who is the brother of Shri Shivkumar H Bissa, proprietor of HH on all the four days.
29. It is thus established that all the acts of HH resulted in violation of Regulation 4 (a), (b) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.
30. Coming to the violation of Clauses A (2), (3) and (4) of code of conduct as specified in schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 by HH, let me first quote the said provisions:

Regulation 7 of the Broker Regulations reads as under:

"The stock broker holding a certificate shall at all times abide by the code of conduct as specified in Schedule II".

(2) EXERCISE OF DUE SKILL AND CARE: A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.

(3) MANIPULATION: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) MALPRACTICES: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

31. Thus, in the process of perpetuating the aforesaid manipulative and fraudulent trades, HH also failed to exercise proper skill, care and diligence, required of that of a broker. As a registered broker of SEBI and a member of BSE, HH was fully aware of the Rules and Regulations of SEBI. By indulging in the aforesaid acts, HH did not maintain the standards of integrity, promptitude and fairness required from a broker.
32. Persons who operate in the market are required to maintain high standards of integrity, promptitude and fairness in the conduct of the business dealings. People, who indulge in manipulative, fraudulent and deceptive transactions, or abet the carrying out of such transactions which are fraudulent and deceptive, should be suitably penalized for the said acts of omissions and commissions.
33. From the facts detailed above, it is established that HH indulged in creating a false or misleading appearance of trading on the securities market and dealt in securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to cause fluctuations

in the price of the security and therefore is guilty of violating the provisions of Regulation 4 (a), (b) and (d) of PFUTP Regulations. HH by not carrying out its business operations in accordance with the provisions of law is also guilty of violating the provisions of Clauses A (2), (3) and (4) of code of conduct as specified in schedule II read with Regulation 7 of the Broker Regulations.

34. Now, therefore in exercise of the powers conferred upon me under Section 19 of SEBI Act, 1992 read with Regulation 13 (4) of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing penalty) Regulations, 2002, I hereby suspend the certificate of registration having SEBI Registration no. INB011233336 granted to M/s Harikishan Hiralal now known as Shreehari Hira Stock Broking Pvt. Ltd. (PAN No. AAJCS0518D) for a period of one month.
35. This order shall come into force immediately after the expiry of 21 days from the date of this order.

DATE: 5.2.2008

PLACE: MUMBAI

V. K. CHOPRA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA