

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER REGULATION 16 (5) & 16 (6) OF SEBI (PROCEDURE FOR HOLDING INQUIRY) REGULATIONS, 2002, IN THE MATTER OF SUMMARY PROCEEDINGS AGAINST THE BROKERS WHO HAVE DEFAULTED IN PAYMENT OF FEES IN THE MANNER SPECIFIED IN SCHEDULE III READ WITH REGULATION 10 OF THE SEBI (STOCK BROKERS AND SUB BROKERS) REGULATIONS, 1992

1. An Enquiry Officer was appointed under Regulation 16 (1) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as "Enquiry Regulations") for initiating Summary Proceedings against the undernoted brokers of Cochin Stock Exchange (CoSE) for non-payment of fees in the manner specified in Schedule III read with Regulation 10 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.

Sr. No.	Name of Broker	SEBI Registration No.
1	P.G.Abraham Tharakan	INB090270217
2	P.V.Uthuppachan	INB090276710
3	Dr.Manmohan Sharma	INB090301216
4	Sathish Nayak V.V.	INB090281617
5	Jaya K.J.	INB090275418
6	Asha Ashok	INB090275819
7	George I Melethe	INB090521911
8	Alice Kuruvila	INB090967611
9	Aryaman Financial Services Ltd.	INB091048232

2. The Enquiry Officer, following the procedure prescribed for conducting Summary Proceedings under the Enquiry Regulations, issued show cause notices under Regulation 16 (2) of the Enquiry Regulations to the aforementioned brokers. After examining the replies, if any and other material on record, the Enquiry Officer found that the aforesaid brokers have failed to pay the required fees and have thereby contravened the provisions of Regulation 10 read with Schedule III of the Broker Regulations. The Enquiry Officer has, therefore, recommended that the registration certificate of the aforesaid brokers be cancelled.
3. Further, it has been brought to the notice of SEBI by CoSE that the aforesaid brokers have been declared defaulters of the Exchange and consequently, the brokers ceased to be members of the said Exchange. Rule 4(a) of SEBI (Stock Brokers and Sub-Brokers) Rules, 1992 which was prevalent at the time of violation inter alia states as under :

"4 The Board may grant a certificate to a stock-broker subject to the following conditions namely :-

- (a) he holds the membership of any stock exchange;
- (b)
- (c)
- (d)
- (e)"

The said rules have since been repealed and the provisions have been incorporated in the SEBI(Stock Brokers and Sub-brokers)Regulations, 1992 which reads as under:

"6A(1) Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely -

- a) the stock broker holds the membership of any stock exchange;
- b)
- c)

- d)
- e)"

With the expulsion of the broker by the Stock Exchange, he no longer satisfies this essential pre-requisite for grant of a certificate of registration by SEBI. In terms of Regulation 27 (i) & (ii) of SEBI (Stock-brokers & Sub-brokers) Regulations, 1992, a stock broker shall be liable for any action as specified in the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, (hereinafter referred to as "Enquiry Regulations") including suspension or cancellation of his certificate of registration as a stock broker or a sub-broker, as the case may be, if he

- "(i) *ceases to be a member of a recognized stock exchange or*
- (ii) *has been declared defaulter by a stock exchange and not readmitted as a member within a period of six months.*
- (iii)
- (iv)
- (v)
- (vi)
- (vii) *fails to pay fee as per Schedule III of these regulations*
- (viii)"

4. I have considered the facts of the matter, reports of the Enquiry Officer and other material on record. I note that despite receipt of notices from the Enquiry Officer, the aforesaid brokers have failed to pay the fees as prescribed. I, therefore, agree with the Enquiry Officer that the aforementioned brokers have contravened the provisions of Regulation 10 read with Schedule III of the Broker Regulations. Since the aforesaid brokers no longer fulfill an important eligibility criteria for grant of certification of Registration in terms of the erstwhile Rule 4(a) of SEBI (Stock-brokers and Sub-brokers) Rules, 1992 and the currently applicable Regulation 6A(1) of SEBI (Stock-brokers and Sub-brokers) Regulations, 1992 viz. being a member of the stock exchange, the registration of the broker is liable to be cancelled.

5. Therefore, in exercise of powers conferred upon me under Section 19 of the SEBI Act read with Regulation 16 (5) and (6) of the Enquiry Regulations, I hereby cancel the certificates of registration of the aforementioned brokers.

This order shall come into force with immediate effect.

V.K. CHOPRA

WHOLE TIME MEMBER

Date :17.1.2008

Place : Mumbai