

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

**IN THE MATTER OF OASIS MEDIA MATRIX LTD.
DEALINGS BY P. SURYAKANT SHARE & STOCK BROKERS PVT. LTD.**

**(SEBI Registration No. INB 011339331)
PAN: AACCP3112F**

ORDER

**Under Regulation 28(2) read with Regulations 38 (2) of Securities and Exchange
Board of India (Intermediaries Regulations), 2008**

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') had conducted investigation into the buying, selling and dealing in the shares of Oasis Media Matrix Ltd. (hereinafter referred as 'OMML') during the period April 8, 2002 to July 9, 2002.

2. During the period under investigation, the price of the scrip opened at Rs.15.10/- on April 8, 2002, touched a high of Rs.37.95/- on July 9, 2002 and closed at Rs.35.50/- on July 9, 2002. The volume traded during the period of investigation was 6,45,492 shares in 64 days. It was alleged that the stock broker viz. P. Suryakant Share & Stock Brokers Pvt. Ltd. (hereinafter referred to as 'noticee'), registered with SEBI as stock broker, bearing registration no. INB 011339331 (earlier the registration no. was INB 011159036) had entered circular/ reversal trades on behalf of its sub-broker with other brokers which created artificial volume and price rise in the shares of OMML.

3. Based on the findings of the said investigations, vide order dated August 14, 2007, SEBI appointed an Enquiry Officer under Regulation 5(1) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'Enquiry Regulations'), to enquire into the alleged violation of the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (since repealed) read with SEBI (Prohibition of

Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') and the Code of Conduct specified under Schedule II of SEBI (Stock Brokers and Sub-Broker) Regulation, 1992 (hereinafter referred to as 'Broker Regulations'). As the Enquiry Regulations were repealed with effect from the notification of Securities and Exchange Board of India (Intermediaries) Regulations, 2008, the Enquiry Officer/ Designated Authority (hereinafter referred to as the Enquiry Officer) submitted his Report dated December 31, 2008, in terms of Regulation 27 of SEBI (Intermediaries) Regulations, 2008 recommending thereby warning to noticee for violating Clause A (2) of Code of Conduct specified under Schedule II of the Broker Regulations.

4. Subsequently, a Show Cause Notice (hereinafter referred to as 'SCN') under Regulation 28(1) of Intermediaries Regulations dated January 28, 2009 was issued by SEBI to the noticee, asking it to show cause as to why the appropriate penalty including penalty recommended by the Enquiry Officer should not be imposed. The noticee was advised to reply to the SCN, together with the documents that it may choose to rely upon in support of his reply within twenty one days of the receipt thereof. It was also informed that in case of failure, it would be presumed that it had no explanation to offer and SEBI shall be free to take such action in the manner as it deemed fit. A copy of the Enquiry Report was also forwarded to the noticee along with the said SCN. The said SCN was served on the noticee on January 30, 2009.

5. The noticee replied to the SCN vide its letter dated February 06, 2009, wherein it, without disputing the facts, accepted the recommendation made by the Enquiry Officer with the assurance that it will be careful in dealings for and on behalf of its clients in future.

6. Given the facts and circumstances of the case, I note that the broker has not challenged/ disputed the recommendations made by the Enquiry Officer and has also not requested for any personal hearing before me. In view of this, I find that the principles of natural justice have been duly complied with in the present matter and as no request for

personal hearing has been made by the noticee, I find it appropriate to proceed further in the matter.

7. I have considered the Enquiry Report, the SCN issued to the noticee, the reply of the noticee and other material available on record. I note that the Enquiry Officer has dropped the charge of violation of PFUTP Regulations. However, the Enquiry Officer has found the noticee guilty of violation of Clause A (2) of Code of Conduct specified under Schedule II of the Broker Regulations, as it has failed to exercise due skill, care and diligence in the conduct of business. I note that, the Enquiry Officer has not found any evidence to show the link/ collusion between the noticee and other brokers involved in the synchronized/ structured/ reversal trades. However, the link between the sub-broker and its client has come out but no evidence of such knowledge to the noticee regarding fraudulent nature of trades has been found by the Enquiry Officer. The Enquiry Officer has concluded that it is the responsibility of broker to verify the transaction of its sub-brokers and clients to ensure that no malpractice is taking place being in the relationship of principle and agent between broker and sub-broker. I have seen the trades entered and the pattern followed by the sub-broker of the noticee while trading in the scrip of OMML, which appears to be structured in nature. I note that the noticee has not done any proprietary trading in the scrip of OMML during the relevant period of time. However, it was the responsibility of the noticee to verify the transactions of its sub-brokers and was expected to ensure that no malpractice is taking place. I find that, the noticee has failed to perform its duties as specified in the code of conduct for stock brokers in the Broker Regulations.

8. In view of above, I agree with the findings of the Enquiry Officer and conclude that the noticee has not acted with due skill, care and diligence in the conduct of his business and has contravened the provisions of Regulation 7 read with clause A (2) of the Code of Conduct prescribed for stock brokers in the Broker Regulations.

9. I note that pursuant to the notification of the SEBI (Intermediaries) Regulations, 2008, the Enquiry Regulations have been repealed and in terms of Regulation 38(2) of

the SEBI (Intermediaries) Regulations, 2008, notwithstanding such repeal, any enquiry commenced under the Enquiry Regulations, shall be deemed to have been commenced under the corresponding provisions of SEBI (Intermediaries) Regulations, 2008.

10. Taking into the facts and circumstances of the case, 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 28(2) of Securities and Exchange Board of India (Intermediaries) Regulations, 2008, hereby warn the noticee, P. Suryakant Share & Stock Broker Pvt. Ltd. (Registration No. INB011339331) [PAN: AACCP3112F], to be careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market.

Place: Mumbai
Date: August 21, 2009

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA