WTM/PS/19/IVD/ID-10/MAY/2012

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: PRASHANT SARAN, WHOLE TIME MEMBER

IN THE MATTER OF ADANI EXPORTS LIMITED

In respect of Naman Securities and Finance Private Limited

(SEBI Registration no.: INB 230828238
INB 010808234)

Date of hearing: April 18, 2011

Appearances

For Noticees: Mr. Rakesh Pujara, Chief Operating Officer
Mr. Harikant Suchdev, Compliance Officer
Mr. J.J. Bhatt, Advocate

For SEBI: Mr. Krishnanand Raghavan, Deputy General Manager
Ms. Anitha Anoop, Deputy Legal Adviser
Mr. Bhagwandas Samariya, Assistant General Manager
Ms. Vasudha Goenka, Assistant Legal Adviser

ORDER

Under Regulation 28(2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into dealings in the shares of Adani Exports Ltd. (hereinafter referred to as 'Adani') for the period from November 27, 2003 to December 23, 2003. The scrip of Adani, during the period of investigation was listed on the Bombay Stock Exchange (hereinafter referred to as 'BSE') and the National Stock Exchange (hereinafter referred to as 'NSE').

2. During the period of investigation, the price of the scrip on BSE increased from ₹209.55 as on November 27, 2003 to ₹443.10 as on December 23, 2003 after touching a high of ₹478 as on December 19, 2003 within a span of just 19 trading days. The total volume traded in the scrip of Adani during the period of investigation at BSE was 11,32,400 shares and out of this 3,42,780 shares, i.e., 30.27% was in the nature of synchronized/ reversal of trades involving certain clients/ brokers. At NSE, the total volume traded during the

period of investigation was 38,91,856 shares and out of this, the trades in respect of 2,96,943 shares, i.e., 7.63% of the total traded volume was in the nature of structured trades.

3. SEBI analyzed the trading details along with the data of the volumes contributed by the persons who had traded in the scrip. Investigation *inter alia* revealed that Naman Securities and Finance Private Limited (hereinafter referred to as the 'noticee'), a broker of BSE (SEBI Registration no. INB 230828238) and NSE (SEBI Registration no. INB 010808234) had traded in the scrip of Adani for its client namely Ess Ess Intermediaries Pvt. Limited (hereinafter referred to as 'Ess Ess') on BSE. It was further revealed that Ess Ess was a sub-broker of ASE and was trading the scrip of Adani on behalf of its directors Mr. Samir P. Shah. The investigation *prima facie* found that the noticee had aided and abetted its clients in executing fictitious synchronized reversal of trades, which in turn had created the artificial volumes and contributed to the price rise in the scrip of Adani.

4. Based on the findings of investigation, SEBI initiated enquiry proceedings against the noticee in terms of the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'Enquiry Regulations'), by appointing an Enquiry Officer under Regulation 5(1) of the Enquiry Regulations vide order dated December 14, 2005 read with subsequent order dated November 19, 2007. The Enquiry Officer enquired into the alleged violation of the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') and the Code of Conduct for the stock brokers under Schedule II of Regulation 7 of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as 'Broker Regulations'). The Enquiry Officer/ Designated Authority (hereinafter referred to as the 'Enquiry Officer') submitted his Report dated June 23, 2009, in terms of Regulation 38 (2) of the SEBI (Intermediaries) Regulations, 2008, whereby the noticee was held

guilty of violating the provisions of Regulation 4(1),(2),(a),(b),(e), (g) and (n) of the PFUTP Regulations and Clause A(1),(3),(4) and (5) of the Code of Conduct for stock brokers under Schedule II of the Regulation 7 of the Broker Regulations. However, he recommended no punitive action against the noticee as adjudication penalty was already imposed upon it for the same set of violations.

5. Subsequently, a show cause notice dated September 17, 2010, (hereinafter referred to as SCN') under Regulations 28(1) of the SEBI (Intermediaries) Regulations, 2008, was issued to the noticee, intimating it that SEBI is not in agreement with the penalty as recommended by the Enquiry Officer since the same is not commensurate with the alleged violation committed by it. The noticee was asked to show cause as to why the higher penalty should not be imposed upon it. The noticee was advised to reply to the SCN, together with the documents that it may choose to rely upon in support of its reply within twenty one days from the date of receipt thereof. It was also informed that in case of failure to reply, 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.

6. The noticee vide its letter dated October 26, 2010, replied to the SCN. Before proceeding further, an opportunity of personal hearing was granted to the noticee on April 18, 2011. On the date fixed for the personal hearing, Mr. Rakesh Pujara, Chief Operating Officer, Mr. Harikant Sachdev, Compliance Officer and Mr. J.J. Bhatt, Advocate for the noticee appeared and made submissions.

7. I have carefully considered the Enquiry Report, the SCN issued to the noticee, reply received, and all the material available on record. The submissions of the noticee in brief are:

- The noticee cannot be subjected to multiple penalties of different nature from time to time for the very same set of transactions and for the same alleged

violations of provisions. The Designated Authority and Adjudicating Officer being the same person, has taken a composite, holistic view of the entire case. No *prima facie* case has been made out to impose higher penalty.

- The end client of the counter party broker of ASE Capital Market Limited was Samir P. Shah and not Ess Ess.
- The dealers of the noticee were not aware that Ess Ess was a SEBI registered sub-broker affiliated to ASE Capital Market Limited and also executing orders of its client Samir P. Shah at ASE Capital Market Limited.
- ASE Capital does not disclose the name of broker registered with SEBI, through them on its website.
- They were not involved in circular/ synchronized, reversal of trades as alleged in trading in the scrip of Adani. There is no direct link between it and the client. They merely acted as an agent of the client and carried out orders in the normal and ordinary course of business.
- An order may result into several trades of small quantity of shares – therefore there were very few orders, one/ two/ three per day. The inference regarding number of trades dehors number of orders is incorrect. Further, treating every order of purchase and sale as reversal is not correct.
- They had no knowledge that their client was executing counterparty trades in a different name. SEBI has not furnished order log/ trade log of purported synchronized/ reversal/ circular trades of all days.
- The charges of aiding and abetting is too general and without any cogent evidence.
- There is delay in the proceedings.

8. I note that the noticee has not denied its trading in the scrip of Adani for its client namely Ess Ess. The noticee in its reply has made a submission that it cannot be subjected to multiple proceedings of different nature for the very same set of transactions. I note that SEBI is empowered to initiate proceedings under Section 11B of the SEBI Act, as well as enquiry, adjudication, prosecution etc., as may be warranted, to deal with the violations of the provisions of SEBI Act, Rules and Regulations made there under. Each of these proceedings, has different objectives i.e., adjudication

proceedings under Chapter VIA of the SEBI Act is meant to penalise the accused by way of monetary penalty, pursuant to adjudication. Enquiry proceedings under the statute are contemplated against registered intermediaries, wherein pursuant to a thorough enquiry, penalties of suspension/ warning/ cancellation of registration of such registered intermediaries are ordered against them. I, therefore, do not find any infirmity about SEBI proceeding against the noticees under Enquiry Regulations and also simultaneously pursuing adjudication. The noticee has also argued that it has not been supplied with the complete data of its trading in the scrip of Adani. I note this argument of the noticee and have seen that the trade-order log for two days has been supplied to the noticee and find that the said data including the material provided in the SCN are sufficient to prove the charges against the noticee.

9. After having dealt with the above submission, the issue that arises for my consideration is: Whether the noticee had aided and abetted its client and created artificial volumes/ prices in the scrip of Adani?

10. Whether the noticee had aided and abetted its client and created artificial volumes/ prices in the scrip of Adani?

a. I have seen the trading details of the noticee for its client in the scrip of Adani I note that the scrip of Adani was being traded both at BSE and NSE during the period of investigation. However, as per the available records the noticee had traded only at BSE. The table below provides the details of the trading in the scrip of Adani at BSE.

Table A

	Broker	Sub-broker	Client
BSE	ASE Capital Markets Ltd.	Rajendra J. Shah	V&S Intermediaries
	ASE Capital Markets Ltd.	**Ess Ess Intermediaries Ltd.**	**Samir P. Shah**
	ASE Capital Markets Ltd.	Rajesh N. Jhaveri	Falguni Shah
	Mangal Keshav Securities	E. Stocks Inc.	Dilip C. Jain
	Vijay Bhagwandas Shah		Own/ director's account
	Sanchay Fincom Ltd.		Tejas Ghelani
	Naman Securities Ltd.		**Ess Ess Intermediaries Ltd.**

b. From the table A above, I note that the noticee had traded in the scrip of Adani for its client Ess Ess. It is further seen that the client of the noticee namely Ess Ess was also trading in the scrip of Adani for its director namely Samir P. Shah through broker ASE Capital Markets Limited. A summary of the above said trades is given below:

Table B

Date	Bought Qty.	Bought by (Broker)	Bought from (Broker)	Sold Qty.	Sold by (Broker)	Sold to (Broker)
27/11/03 to 23/12/03	74,450	Samir P. Shah (ESS)(ASE Capital)	ESS (Naman)	74,500	ESS (ASE Capital)	ESS (Naman)

c. Having seen the table B above, I note that the client of the noticee was present on both the legs of the trades. It is seen that Ess Ess was trading as sub-broker on ASE Capital Markets Limited and traded on behalf of its director, Samir P. Shah. On the other side, the trades were matched by Ess Ess acting as a counterparty client while trading through the noticee. A date-wise summary of trading by the noticee has been reproduced below for ready reference:

Table C

Date	Buy Broker	Buy Client	No. of trades	Qty.	Sell Broker	Sell Client	% to day qty. traded
27/11/03	ASE Cap	Ess Ess*	30	5,000	Naman	Ess Ess	**31.44**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
28/11/03	ASE Cap	Ess Ess	50	5,000	Naman	Ess Ess	**30.01**
	Naman	Ess Ess	36	5000	ASE Cap	Ess Ess	
1/12/03	ASE Cap	Ess Ess	20	4,500	Naman	Ess Ess	**26.07**
	Naman	Ess Ess	26	4,500	ASE Cap	Ess Ess	
2/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**32.54**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
3/12/03	ASE Cap	Ess Ess	38	5,000	Naman	Ess Ess	**24.75**
	Naman	Ess Ess	20	5000	ASE Cap	Ess Ess	
4/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**25.71**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
5/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**23.2**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
8/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**37.87**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
9/12/03	ASE Cap	Ess Ess	30	4,000	Naman	Ess Ess	**18.13**
	Naman	Ess Ess	30	5,000	ASE Cap	Ess Ess	
10/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**22.67**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
11/12/03	ASE Cap	Ess Ess	30	5,000	Naman	Ess Ess	**26.92**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
12/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**23.13**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
15/12/03	ASE Cap	Ess Ess	20	2,450	Naman	Ess Ess	**15.87**

	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
16/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	**19.38**
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
17/12/03	ASE Cap	Ess Ess	10	2,500	Naman	Ess Ess	**5.77**
	Naman	Ess Ess	10	2,500	ASE Cap	Ess Ess	
23/12/03	ASE Cap	Ess Ess	10	2,500	Naman	Ess Ess	**7.50**
	Naman	Ess Ess	10	2,500	ASE Cap	Ess Ess	
Total			**710**	**1,45,450**			**20.62**

**Samir P. Shah had traded as a client of Ess Ess sub-broker to ASE Capital Markets Limited*

From the above, I note that there was almost exact reversal of similar quantity of shares of Adani continuously. Further, almost all the trades done by the noticee were squared off on the same day. It is seen that the trades were so well planned that the same number of shares went back to the original seller at the end of the day on most of the occasions. This pattern of trading was continued by the noticee on seventeen days during the period of investigation. The sample of trades as on November 27, 2003 also relied upon by the Enquiry Officer has been reproduced below for ready reference:

Table D

Trade			Buy					Sell					Time Diff.
Time	Qty	Price	Broker	Client	Time	Qty.	Rate	Broker	Client	Time	Qty.	Rate	
11:57:30	200	206.80	ASE	218S001*	11:57:30	2,000	206.80	Naman	A51642**	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05

13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:36	200	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:36	2,000	207.10	0:00:05
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
13:08:44	100	207.10	ASE	218S001	13:08:31	3,000	207.10	Naman	A51642	13:08:43	1,000	207.10	0:00:12
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02
14:28:34	250	207.25	Naman	A51642	14:28:32	2,500	207.30	ASE	218S001	14:28:34	2,500	207.30	0:00:02

**Client code 218S001 – Ess Ess as sub-broker of client Samir P. Shah, Proprietor*
*** Client code A51642 – Ess Ess as client*

The table D above shows that the trades were matched continuously between two set of clients with startling proximity in the timing, price and quantity, even as these were executed on the screen of the exchange. These details clearly indicate synchronization in the placing of the orders, as these appears to have been punched with preconceived motive and prior arrangement that the orders would be picked up by a particular entity on the other side.

d. I note the submission of the noticee that it was not aware that its client, Ess Ess was a sub-broker and was trading in the scrip of Adani from the other side. It is seen that several transactions got matched with the same counterparty, almost all the shares purchased/ sold by Ess Ess on a particular day being reversed on the very same day. Considering the facts

and circumstances described above, I am of the view that matching of the trades was not accidental/ co-incidence; rather, it shows concerted efforts to get the orders matched with each other. This makes it clear that the transactions were designed before their execution and was not a natural outcome of the exchange trade matching system.

e. At this stage, I note that the noticee and the counterparty broker namely ASE Capital Markets Limited together generated a total volume of 1,50,294 shares in the scrip of Adani. Out of this, 1,48,950 shares were on behalf of Ess Ess which accounted for 13.15% of the market volume in the scrip of Adani. I also note the following facts from the Enquiry Report:

- A total of 710 synchronized/ reversal of trades were executed by the noticee in the scrip of Adani for a total volume of 1,48,950 shares accounted for 13.15% of the market volume.
- On 9 trading days, the contribution of the noticee on account of synchronized reversal of trades to the quantity traded on each day was more than 25% and on 6 days it was more than 20%. The contribution of the trades by Ess Ess towards creation of artificial volume was 43.45% of the total artificial volume in the scrip of Adani on BSE.
- Out of a total of 154 orders placed by the noticee, 34 orders were placed with a time difference of zero seconds, 54 were placed with a time difference of one second, 26 were placed with a time difference of two seconds, 26 were placed with a time difference of three seconds and 14 were placed with a time difference of more than three seconds. On almost each day, the delivery position of the noticee was nil.

f. I note that while continuously trading in the scrip of Adani, the noticee had placed many orders at progressively higher prices. At this stage, I note that the price of the scrip of Adani increased from ₹204.90 as on November 27, 2003 to ₹441.90 as on December 23, 2003 within a span of 19 trading days.

g. The continuous matching of the trades without much time difference shows that the trades entered by the noticee were structured and these trades were

also in the nature of reversal. I note the finding of the Enquiry Officer regarding no direct link between the noticee and its client. However, I observe that the noticee had indulged in the trading pattern as discussed above with regularity, which also projected volumes in the scrip in a way that was not market determined. Such transactions are clearly not genuine and seen to have been entered for creating misleading appearance of trading in the scrip. Such pattern also creates an impression of active trading in the scrip.

h. Further, it has been submitted that Ess Ess was doing jobbing transactions in the scrip of Adani. In the facts and circumstances of the present case, I am not convinced with the argument of the noticee, as the scrip of Adani was not so liquid and no genuine day trader will want to trade in a scrip where it is difficult to settle the position at the end of the day. If a client still wants to trade as day trader in an illiquid scrip, then such acts of the client should be a matter of worry for the broker. In my view, had the noticee taken necessary precautions, then the same could have prevented its client from succeeding in its game plan. Therefore, the noticee has failed to prevent its client from carrying out its nefarious design and had thus aided and abetted it in creating the artificial volumes in the subject scrip.

i. The above discussed role of the noticee shows that it played a vital role in the game plan of the manipulation of the trading in the scrip of Adani. The noticee by carrying out synchronized reversal transactions created artificial liquidity in the scrip of Adani and rigged the price upwards. Thus, from the aforesaid acts of the noticee, I am of the view that the charge of the violation of the provisions of Regulation 4(1), 4(2)(a), (b), (e), (g) and (n) of the PFUTP Regulation stands established as against it.

11. From the above discussion and considering the nature of the trades, I note that noticee indulged in the pattern of trades which were not genuine, rather manipulative as discussed above. Thus, I find that the noticee has failed to perform its statutory duties, which are expected from a prudent stock broker who has a duty not only towards its client but also towards maintaining the

integrity of the securities market. A registered intermediary is expected to maintain absolute compliance of the rules/ regulations and the directives issued by SEBI. In view of the foregoing, I find the noticee, guilty of the violation of the provisions of Clauses A(1), (2), (3), (4) and (5) of the Code of Conduct prescribed for stock brokers in Schedule II under Regulation 7 of the Broker Regulations.

12. As regards the submission of the noticee regarding delay in the proceedings, I note that neither there is time line fixed for such cases nor can the delay justify exoneration.

13. 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 the SEBI (Intermediaries) Regulations, 2008.

14. Therefore, taking into consideration the facts and circumstances of the case, I in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 28(2) Securities and Exchange Board of India (Intermediaries) Regulations, 2008, hereby suspend the certificate of registration of Naman Securities and Finance Private Limited (hereinafter referred to as the 'noticee'), a broker of BSE (SEBI Registration no. INB 230828238) and NSE (SEBI Registration no. INB 010808234) (PAN: AAACN 1917G) for a period of two months.

15. This order shall come into force on expiry of twenty one days from the date of this order.

DATE : MAY 3, 2012
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA