

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under section 12(3) of the SEBI Act and regulation 28(2) read with regulation 38(2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

In respect of M/s Swan Securities Pvt. Ltd. (SEBI Registration Number INB231123432)

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation after observing abnormal self-trading pattern in the scrip of Adani Enterprises Ltd. during the period July 01, 2008 to November 30, 2008 (hereinafter referred to as "Investigation Period") by various clients of M/s Swan Securities Pvt. Ltd. (hereinafter referred to as the "Noticee"), a member of National Stock Exchange of India Ltd. (hereinafter referred to as "NSE").
2. Pursuant to the investigations, SEBI initiated proceedings against the Noticee under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred to as the "Intermediaries Regulations"). After completing the proceedings, the Designated Authority (hereinafter referred to as "DA") submitted the Report dated December 26, 2011 (hereinafter referred to as "Report") in terms of regulations 27 and 38(2) of the Intermediaries Regulations. In the Report, the DA *inter alia* observed as under:-

(a). **Self-trades/ synchronized trades and transfer of transaction by client code modification**

- i. The Noticee had executed self trades which were fictitious in nature in large volumes in scrips of eight companies, for 206 clients on 721 instances amounting to total traded volume of 11.89 lakh shares and trade value of ₹ 1184 lakh as described in the following Table:-

Name of the Scrip	No. of client	No. of self trades	Qty in lakhs	Avg. Price	Amt. in ₹ Lakh	Gross Trades Qty in lakhs	% to gross trades(SWAN)	Market Volume in lakhs	% to market Volume
Adani Enterprises	136	248	0.85	502.06	426.75	1.02	83%	87.79	0.96%
Jayaswal Neco	97	190	4.72	37.90	178.90	6.39	74%	156.44	3.02%
Reliance Natural	99	165	3.60	64.29	231.44	27.65	13%	31043.29	0.01%
Essar Oil Ltd.	48	78	1.64	166.80	273.55	2.85	58%	3810.97	0.04%
Godrej Industries Ltd.	12	28	0.44	140.11	61.65	0.62	72%	223.49	0.20%
Teledata Informatics Ltd.	6	6	0.37	13.54	5.01	0.52	72%	431.52	0.09%
Asian Electronics Ltd	5	5	0.08	67.75	5.42	0.11	71%	568.70	0.01%
LML Ltd	1	1	0.20	7.70	1.54	0.21	95%	213.23	0.09%
Total		721	11.89		1184.26	39.36			

- ii. The Noticee had entered into the above self trades (wherein in the Noticee was both buying as well as selling broker and the buying client and selling client was the same entity). Most of the said self-trades were executed through its two terminals having terminal ID 6680 and 4917. Buy trades were placed in the terminal 6680 and sell trades were placed in the terminal 4917. Terminal-wise self trades in the above mentioned 8 scrips are as under:

Scrip Name	Broker's Self-trade volume	Out of total self-trade				No. of distinct clients
		Buy-side Terminal - 6680		Sell-side Terminal - 4917		
		Qty	%	Qty	%	
Adani Enterprises Ltd.	84609	84359	100%	81919	97%	136
Asian Electronics Ltd.	7949	7949	100%	7949	100%	5
Essar Oil Ltd.	163708	163708	100%	163708	100%	48
Godrej Industries Ltd.	44283	44283	100%	37833	85%	12
Jayaswal Neco Industries Ltd.	471729	464160	98%	430161	91%	97
LML Ltd.	20000	20000	100%	N/a	N/a	1
Reliance Natural Resources Ltd.	360130	356735	99%	330758	92%	99
Teledata Informatics Ltd.	37082	37082	100%	37082	100%	6
Total	11,89,490	11,78,276	99%	10,89,410	91%	

- iii. Mr. Amit Khemka (Terminal ID 6680) and employee of the Noticee and Mr. Harshal Agrawal (Terminal ID 4917) brother of the Managing Director of the Noticee were the approved users for these terminals, respectively. Though Mr. Harshal Agrawal was the approved user for terminal 4917, the Noticee submitted that he never used the said terminal to place the orders. Mostly the terminal 4917 was used by either Mr. Amit Khemka or Mr. Arvind Vishwhama or Mr. Hemant Agrawal for executing trades.
- iv. It was Mr. Amit Khemka who, on receipt of any order of a client, used to execute the self-trades using the above mentioned trading terminals. When Amit Khemka received an order from any client (say Client A), he used to place the both buy as well as sell order or *vice versa* in the trading account of same Client A at the mid-price of best buy and best sell pending the orders. Thus, both the buy and sell order in the respective scrips were getting executed for the account of Client A both as buyer and seller. In order to punch the buy and sell orders simultaneously, Mr. Amit Khemka used to feed the trade details in terminals 4917 and 6680 and release both orders from those terminals simultaneously.
- v. After, executing the self- trades as described above in the name of Client A, Mr. Amit Khemka used to transfer the one leg of the transaction (buy or sell) to another client (say Client B) from portfolio of clients by changing the client code in the back office after the permitted trading hours. After changing the client code at the back office, the Noticee was

issuing contract notes to both the clients and respective credit and debit balances were entered in their respective client ledgers.

- vi. In the anonymous order matching system of the stock exchange, the above trades were shown as self trade of Client A. However, the above transfer of one leg of transaction later to another client was not on the stock exchange system and was done in a clandestine manner.
- vii. In the above *modus operandi*, the self -trades on account of Client A did not involve payment and delivery. In such transactions, the applicable rates of the stamp duty and securities transaction tax (STT) were 0.002% and 0.025%, respectively. However, after transfer of one leg of transaction by modifying the client code and issuing contract notes to the transaction was turned into payment and delivery based transaction at the back-office of the Noticee. The applicable rates of stamp duty and STT on such transactions were 0.01% and 0.125%, respectively.
- viii. In addition to the above self trades in 8 scrips, the Noticee had also indulged in similar transactions by adopting same *modus operandi* while trading in 18 other scrips and it had executed a total 796 such transactions in the said 26 scrips. Out of these trades, total 790 trades were synchronised with respect to price, time and quantity as described in the following Table:-

Time difference	No. Of trades
0 sec	491
1 sec	251
2 sec	35
3 sec	13
Total	790

- ix. The Noticee made the following benefits out of those 796 transactions for trade value of ₹13,27,83,366 :

Category	charges to be collected from the client (as per the trade)	charges collected from the client (actual, as per the contract note) * 2 for (both buy and sell)	Benefit (%)	Benefit during the investigation period (₹)
STT	0.025%	0.250%	0.225%	298,762.57
Stamp Duty	0.002%	0.020%	0.018%	23,901.01
Brokerage	0.040%	0.250%	0.210%	278,845.07
total	0.067%	0.520%	0.453%	601,508.65

- x. Thus, the Noticee evaded ₹ 3,22,663.58 (₹298,762.57+₹23,901.01) towards STT and stamp duty charges and also defrauded investors by claiming excessive STT and stamp duty for their transactions.
- xi. While executing self trades in a synchronized manner as discussed above, the Noticee executed fictitious trades, falsified its back office records and also allowed use of its terminals by persons other than the authorised person with *mala fide* intention and violated provisions of regulations 3(a),(b),(c),(d) and 4 (1), 4 (2) (a), (g) (o) and (p) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (the PFUTP Regulations), regulations 6A (1)(b) and Clauses A(1), A(2) and A(5) of Code of Conduct for stock brokers specified in Schedule II read with regulation 7 of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992 (Stock Brokers Regulations) and Exchange Regulation 2.2.1 of Part A of the Capital Market Regulations of the NSE. These provisions are reproduced hereunder:-

PFUTP Regulations

Prohibition of certain dealings in securities.

Regulation 3- "No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder."

Prohibition of manipulative, fraudulent and unfair trade practices.

Regulation 4

"(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely :—

- (a) indulging in an act which creates false or misleading appearance of trading in the securities market;
- (g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

- (o) encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission;*
- (p) an intermediary predating or otherwise falsifying records such as contract notes;"*

Stock Brokers Regulations

Conditions of registration.

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

- (b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;"*

Stock brokers to abide by Code of Conduct.

Regulation 7. *"The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule II."*

SCHEDULE II

Code of Conduct for Stock Brokers

A. General.

- (1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.*
- (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.*
- (5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him."*

Part A of Capital Market Regulations of the NSE.

Regulation 2.2.1 *-"Trading Members and participants shall be entitled to appoint, subject to such terms and conditions as may be specified by the Relevant Authority from time to time-*

- (a) Authorised Persons;*
- (b) Approved Users."*

(b). Transfer of trades other than self trades

- i. In addition to the trade transfer with respect to self trades as discussed above, certain other trades punched in one client were subsequently transferred to another client by modifying the client code at back office of the Noticee post trading hours without disclosure of the actual transaction on the stock exchange. Further, the Noticee issued contract notes after modifying the client codes in its back office. During the period from July 2008 to November 2008, 63000 orders for total 15192 trades transferred from one client to another. Top 10 client code modification in such manner has been illustrated in the Report as under:

Client code as per the exchange	No. of instances transferred	Client code modified to the following client code	No. of instances
R20	9469	R200	9535
K16	605	V15	563
A	548	V228	281
VM224	215	VM579	239
V37	180	S74	217
N49	113	CJ155	183
RA629	90	CJ153	171
RA588	77	HS228	149
RA782	69	V224	141

- ii. Majority of the trades of the client R20 were modified. The client code R20 (Ratan Cheda) was modified to the client code R200 (Bharti D. Cheda) as under:-

Client code as per Exchange	Client Code as per TM	Sum of Quantity	No. of trades	No. of orders
R20	R200	7,01,172	9,441	4,582
	K16	400	10	3
	H40	175	7	4
	V15	150	3	2
	S69	100	1	1
	A100	50	1	1
Grand Total		7,02,047	9463	4593

- iii. Thus, the Noticee has violated the provisions of clause A(5) of Code of Conduct for stock brokers read with regulation 7 of the Stock Brokers Regulations and regulation 6A(1)(b) thereof. It has also violated regulation 3.5.1 of Part A of the Regulations (Capital Market Segment) of the NSE which reads as under:-

Regulation 3.5.1 - Part A of Capital Market Regulations of the NSE. -"Every Trading Member shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time with all relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange."

(c). **Managing client portfolio without obtaining registration certificate as Portfolio Manager**

- i. The Noticee's dealers including its managing director Mr. Hemant Agrawal used to manage portfolios for certain clients, namely, Mittal family, Sanghvi family, Shivanand family, Patalia family, Haria family, Phutane family, Chheda family and others. The Noticee's dealers used to decide the scrip, quantity, price, etc. and execute the trades and at the end of the day, these trade details were informed to the clients. Thus, the Noticee managed portfolio of the clients without obtaining registration as Portfolio Manager and violated section 12(1) of the Securities and Exchange Board of India Act, 1992 (the SEBI Act) and regulation 3 of the

Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (Portfolio Managers Regulations) that provide as under:-

Section 12(1) of the SEBI Act:

Registration of stock brokers, sub-brokers, share transfer agents, etc.

"12(1). No stock-broker, sub- broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act."

Regulation 3 of Portfolio Managers Regulation:

Registration as portfolio manager.

"No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations: "

- ii. Further, as discussed above, the Noticee made fraudulent changes in client codes and generated unnecessary transaction in client accounts under the guise of portfolio management and violated provisions of regulation 3 (a), (b), (c) and (d) of the PFUTP Regulations.

(d). **Mis-utilization of client securities and third party shares.**

- i. A large number of third party acceptance of securities and delivery of securities to persons other than the actual clients, were observed. Details of such trades on sample basis have been noted in the Report as described below:

Scrip Name	Traded in a/c of	Securities transferred to/from	Date	Opening Balance	Credit	Debit	Closing Bal	Details	Description
BAJAJ FINSERV LIMITED EQ	TULSI K DEMBLA	JAYSHREE R SHROFF	19-Sep-08	25	0	25	0	CM Pool Account - NORMAL / 2008178	TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10027653
BANK OF BARODA EQ	BINA TULSI DEMBLA	JAYSHREE R SHROFF	08-Aug-08	200	0	200	0	CM Pool Account - NORMAL / 2008150	TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10027653
BANK OF BARODA EQ	TULSI K DEMBLA	JAYSHREE R SHROFF	11-Sep-08	0	200	0	200	CM Pool Account - NORMAL / 2008173	BY MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10027653
BATA INDIA EQ	RATAN M CHEDA	BHARTI D CHHEDA	15-Sep-08	100	0	100	0	CM Pool Account - NORMAL / 2008174	TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10011784
BATA INDIA EQ	RATAN M CHEDA	BHARTI D CHHEDA	15-Sep-08	0	100	0	100	CM Pool Account - NORMAL / 2008175	BY MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10011784
BF UTILITIES EQ	RASHMI RAMESH KADAM	AJWANI DEEPAK REWACHAND HUF	16-Oct-08	5	0	5	0		TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10008047
BHARTI AIRTEL LIMITED EQ	VIJAY GANGARAMANI	P S SAINANI	18-Sep-08	100	0	100	0	CM Pool Account - NORMAL / 2008176	TO SARASWAT CO-OP.BANK LTD./ 10979124
BHARTI AIRTEL LIMITED EQ	VIJAY GANGA RAMANI	HARSHA V GANGARAMANI	03-Nov-08	100	0	100	0	CM Pool Account - NORMAL / 2008206	TO HDFC BANK LTD/ 15133561
BHEL EQ	VANDANA NASTA	JAYSHREE R SHROFF	11-Aug-08	35	0	35	0	CM Pool Account - NORMAL / 2008151	TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10027653
BOMBAY DYEING EQ	RATAN M CHEDA	BHARTI D CHHEDA	09-Jul-08	290	0	50	240	CM Pool Account - NORMAL / 2008128	TO MF GLOBAL SIFY SECURITIES INDIA PVT.LTD./ 10011784

- ii. The Noticee has thus violated provisions of Clauses A (1) and A(2) of the Code of Conduct for Stock brokers specified in Schedule II read with regulation 7 of the Stock Brokers Regulations and SEBI circulars no. MRD/SE/Cir-33/2003/27 dated August 27, 2003 and MRD/DoP/SE/Cir-11/2008 dated April 17, 2008. The relevant requirements of those circular are reproduced below:-

Circular No. MRD/SE/Cir-33/2003/27 dated August 27, 2003

"..... giving / taking delivery of securities in "demat mode" should be directly to / from the "beneficiary accounts" of the clients except delivery of securities to a recognized entity under the approved scheme of the stock exchange and / or SEBI".

Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008

"....Brokers should have adequate systems and procedures in place to ensure that client collateral is not used for any purposes other than meeting the respective client's margin requirements / pay-ins. Brokers should also maintain records to ensure proper audit trail of use of client collateral."

- (e). **T+2 Settlement-** The funds and securities were not transferred by the Noticee to the respective clients within 24 hours of the pay-out as required in SEBI circular no. SMD/POLICY/Cir -06 /03 dated February 12, 2003. On many occasions, the seller did not transfer the shares to the Noticee at all. Few instances were observed when the securities were transferred from the seller to buyer *via* the pool account of the Noticee. On some occasions, the exact quantity did not move from the seller's beneficiary account to buyer's beneficiary account within 24 hours of pay-out. The DA has found that the Noticee has thus violated provisions of Clause B (1) of the Code of Conduct for Stock Brokers specified in Schedule II read with regulation 7 of the Stock Brokers Regulations. It was further alleged that by not settling the funds and securities on quarterly basis Noticee violated SEBI circular MIRSD/SE/Cir-19/2009 dated December 3, 2009 read with Clause B(1) of Code of Conduct for Stock brokers prescribed in Schedule II read with regulation 7 of the Stock Brokers Regulations which provides as follows:

Code of Conduct for Stock Brokers

"B. Duty to the Investor. (1) Execution of Orders: A stock-broker, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients."

- (f). **Contract Notes** - Admittedly, the Noticee was not issuing contract notes in the prescribed format. The contract notes issued by the Noticee did not mention order number, trade number,

order time and trade time. Further, the contract notes were issued by the Noticee with weighted average price for multiple trades which was not in accordance with regulation 3.5.1 of Part A of Capital Market Regulations of the NSE, Circular no. NSEIL/LEGAL/7036 dated January 05, 2006 and NSEIL/INSP/7330 dated March 30, 2006 of NSE read with regulation 6A (1)(b) of the Stock Brokers Regulations and Clause A (5) of Code of Conduct for stock brokers specified in Schedule II read with regulation 7 of the Stock Brokers Regulations. The provisions of said Regulation and circulars of NSE are as under:

Regulation 3.5.1 of Part A of Capital Market Regulations of the Exchange.

"Every Trading Member shall issue a contract note to his constituents for trades executed in such format as may be prescribed by the Exchange from time to time with all relevant details as required therein to be filled in and issued in such manner and within such time as prescribed by the Exchange."

Circular no. NSEIL/LEGAL/7036 dated 05-Jan-06.

"In terms of the provisions of Chapter 3 of the NSEIL (Capital Market Segment) Regulations, the revised format of the Contract Note is provided. The same shall come into effect from April 1, 2006 so as to allow time to the Trading Members to make software modifications, if any, print new stationary."

Circular no. NSEIL/INSP/7330 dated 30-Mar-06.

"Attention of the trading members is drawn to the revised format of the contract note provided vide the Exchange's circular no. NSEIL/LEGAL/7036 dated 5th January 2006"

(g). **Statement of accounts for funds and securities and Daily Margin Statement**

- i. During the investigations, the Noticee had admitted that it was not sending the statement of funds and securities to its clients. However, it claimed that it was communicating to its clients regularly and there were no complaints against it in that regard. In its submission dated November 09, 2011 before the DA the Noticee, however, claimed that it was sending the statement of accounts for the funds and securities to its clients on quarterly basis and also on daily basis, if they so demanded. In support of its claim the Noticee had submitted few copies of proofs of delivery (PODs). The DA has found that those PODs were not enough to ascertain the correctness of the claim of the Noticee. The DA has noted that during the investigation the Noticee did not submit any proof and had stated that it was not in a position to show any proof of sending the statements as it was not maintaining the same. In view of the same, the DA has found that the Noticee had given contradictory statement in this regard and thus the submission made by it is only an afterthought and cannot be accepted.

ii. Similarly, with regard to allegation that the Noticee had failed to send daily margin statement to its client, the Noticee, vide its letter dated August 14, 2009, had admitted that it was not sending the client margin information, but the clients were kept informed and margin was also collected. However, later vide its letter dated November 9, 2011 the Noticee submitted that daily margin statement was sent to the client on daily basis and information in that regard was also given to the clients orally on the phone. The DA has found these submissions unacceptable since as per SEBI circular number MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 which provides that - *"Brokers should issue a daily statement of collateral utilization to clients which shall include, inter-alia, details of collateral deposited, collateral utilised and collateral status (available balance / due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities."*

(h). **Non compliance of Summons-** In order to check the flow of funds and securities for all trades executed by the Noticee, SEBI, vide summons dated November 16, 2010, demanded certain details including the data where client codes were modified by the Noticee during the period July 2008 to November 2008. By a separate letter dated November 16, 2010, trade data for the period July 2008 to November 2008, was provided to the Noticee after collecting it from NSE, to enable the Noticee to furnish the details in the format provided with the said summons. However, the Noticee failed to provide the required information/details to SEBI those details despite the receipt of summons and its trade data for the relevant period. Thus, the Noticee thwarted the attempts of SEBI to effectively gather vital evidence for the timely conclusion of the investigation proceedings.

3. The DA has further found that the Noticee did not maintain high standards of integrity, promptitude and fairness and did not act with due skill, care and diligence in the conduct of its business when it executed synchronized/matched fictitious trades and carried out its businesses in contravention of regulatory requirements as found hereinabove.
4. Based on the above findings, the DA recommended that the certificate of registration of the Noticee be suspended for a period of six months in terms of regulation 27(i) of the Intermediaries Regulations.
5. After considering the Report, a Show Cause Notice (SCN) dated January 20, 2012 was issued to the Noticee under regulation 28(1) of the Intermediaries Regulations calling upon it to show cause as to why the action as recommended by the DA should not be taken against it or a higher penalty should not be imposed on it as deemed fit by the Designated Member. Despite receipt of the SCN, the Noticee did not submit its reply. Thereafter, a reminder dated March 5, 2012 was also sent to the

Noticee to file its reply. In the meantime, the Noticee proposed to settle the proceedings through a consent order and filed a consent application for that purpose.

6. The proceedings commenced by the SCN continued during the pendency of the consent application and the Noticee was granted an opportunity of personal hearing. During the personal hearing on August 07, 2012, Mr. Prakash Shah Advocate, and Mr. Hemant Agrawal appeared and made submissions on behalf of the Noticee. As the Noticee's application for settlement of consent terms was pending before the competent authority, the proceedings were kept in abeyance after concluding the personal hearing. Later, on rejection of the consent proposal of the Noticee, these proceedings were revived and since considerable time had elapsed after the personal hearing, one more opportunity of personal hearing was granted to the Noticee on its request. On August 20, 2013, Mr. Prakash Shah, advocate and Mr. Hemant Agrawal, director of the Noticee appeared before me and made oral submissions on behalf of the Noticee and requested for 10 days time to file written submissions in the matter. Vide letter dated August 30, 2013, the Noticee filed written submissions in the matter. The replies/submissions of the Noticee are *inter alia* the following:
 - (a). The Noticee had not deliberately indulged in the alleged self- trades. Those trades happened due to in-house/internal lapses committed by its employee Mr. Amit Khemka who was approved user for its Terminal - 6680.
 - (b). During the relevant period, Mr. Amit Khemka had introduced few group of clients, namely, Patalia family, Hari family, Phutane family and Chedda family. These clients had given him liberty and authority to buy stocks of blue chip companies at any point in time.
 - (c). Mr. Amit Khemka had background of some income tax planning. It was Mr. Amit Khmeka's understanding that if he puts order on both sides in one client code then concessional rate of STT and stamp duty will be levied by the stock exchange. By putting same client code on both sides apparently self -trades got executed. Later, in the back office, the client code of the buy side was modified with that of the client code for which he intended to buy the shares. Thus, there would be a saving of STT and stamp duty on both sides of the trades, considering squaring up the transaction which can reap extra benefit beyond brokerage.
 - (d). Mr. Amit Khemka applied this logic using Noticee's trading terminal in order to save the applicable STT and stamp duty on the transactions executed for the clients without the consent and knowledge of the Noticee.
 - (e). On some occasions, when one of the clients placed an order to sell the shares there was wide gap between buy and sell price. Mr. Amit Khemka took opportunity to match the sell order with another client's buy order at the mid price of the existing best buy and sell order pending on the screen of the trading terminal thus trying to pass on benefits to both of his clients. In this

process, when he was intending to pass benefit to both of the clients, no extra benefit other than brokerage was accruing to the Noticee.

- (f). The transfer of trades other than self trades were carried out mostly under specific instruction of the client wherein at the time of placing an order, mistakenly they had given some wrong client code and post execution of order, when trade confirmation was sent to them, the client requested the Noticee to change the client code to the account from where they intended to give delivery of shares. The Noticee has merely facilitated its client to regularize his accounts without any intent to cause any loss to any person or distort the market. During 2008 the client code modification were not considered severe violation because they were meant to rectify the mistake or extend facility to client to regularize their account.
- (g). As regards managing portfolio of its clients, it is submitted that when there is long term good relationship with a client they insist on giving specific advice and insist on buying and selling on their behalf. Therefore, such service should not be considered as Portfolio Management Services. Further, except for brokerage, it has not earned or collected any amount from its clients for rendering any add-on services to these clients.
- (h). The allegation of mis-utilization of clients' securities and third party shares is denied. It is submitted that none of the clients of the Noticee had complained in this regard. It is further submitted that in order to facilitate *inter se* needs of the clients shares were kept in beneficiary account of the client. At times, to save demat charges applicable per execution of "Delivery Instruction Slip" for each transactions, client preferred to take delivery of shares as and when the actual need arose and at times the stock tally was done at the year end to regularize accounts and tax implication of the clients. It has again reiterated that Narendra Joshi is the proprietor of M/s Mahesh Investments and both are one and the same and no adverse inference can be drawn for dealings of this client. The utilization, if any, was done by the Noticee for and on behalf of the clients and that as per their instructions.
- (i). As regards the allegation with regard to requirements under T+2 settlement as mentioned in para 20 of the Report, the Noticee has submitted that the matter in issue relate to the year 2008 and the charge of violation of SEBI circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 cannot be applied retrospectively. Therefore, this allegation should be withdrawn.
- (j). As regards the allegation that contract notes issued by it were not in confirmatory with the exchange format, it is submitted that summarized transaction details were mentioned in the contract note for easy understanding of the client. The Noticee has claimed that the same was done as per written instruction received from the client.
- (k). With regard to allegation that the statement of account for the funds and securities and daily margin statement are not sent to the client, the Noticee has submitted that the investigation is carried out in its dealings with the client in the Cash Segment of the exchange wherein the relevance of the margin statement and statement of funds and securities is not relevant.

According to the Noticee the statement of account for the funds and securities was sent to the clients on periodical basis and the proof of the same was shown to the Investigating Authority.

- (l). The Noticee has denied allegations with regard to summons and has submitted that it has cooperated with SEBI and the only difficulty was that it did not have any records of code modification carried out as per Mr. Amit Khemka's instructions and therefore the same could not be provided to SEBI.
 - (m). The Noticee has denied the charge of non exercise of due diligence by it.
 - (n). Except for the allegations of self trades and synchronization of trades, rest all charges in the SCN are inspection related for which SEBI usually undertakes adjudication proceedings and as such the instant proceedings be also converted into the Adjudication Proceedings.
 - (o). No loss/damage has been caused to any investor. There is no allegation of affecting market integrity, manipulative, fraudulent or unfair conduct on the part of the Noticee. It has taken corrective steps and all lapses have been rectified. Immediately on coming to know about the strategies employed by Mr. Amit Khemka the Noticee discontinued its relationship with him and in consultation with and under intimation to the NSE, the Noticee reimbursed balance STT to the concerned investors.
 - (p). According to the Noticee the case was suitable for settlement under consent process and has requested that the case may be reconsidered for settlement under consent process. Alternatively, the SCN may be disposed of with warning/censure to the Noticee as the suspension of certificate of registration will not be commensurate with defaults that occurred in the year 2008 and considering its track record at present the suspension of its certificate would cause great harm to the Noticee.
7. I have carefully considered the Report, the SCN issued pursuant thereto and other relevant material available on record. In this case, the Noticee has not disputed any transaction and has admitted the motive thereof and benefits earned out of those trades as impugned in the SCN. Admittedly, in this case, Mr. Amit Khemka who was Noticee's employee and approved user for its terminal 6680 had executed self-trades and synchronised trades using its trading terminals(Terminal IDs - 4917 & 6680) for indulging in those trades which are fictitious and illegal as held by Hon'ble SAT in its order dated July 26, 2012 in Appeal no. 85/2011- *M/s Marwadi Shares and Finance Limited Vs. SEBI* as follows: “.....Self trades, by their very nature, are fictitious.Such transactions executed for and on behalf of the clients will fall within the definition of suspicious transactions having no economic rationale or bona fide purpose...”
8. In the anonymous order matching system of the stock exchange, the above self-trades were shown as trade of one client. In such transactions, the applicable rates of the stamp duty and securities transaction tax (STT) were 0.002% and 0.025%, respectively. After executing the self-trades, the

client codes of the buy side were modified by Mr. Amit Khemka in the back office of the Noticee to the client code of another client out of its portfolio clients. This transfer of one leg of transaction later to another client was not on the stock exchange system and was done in a clandestine manner. After such transfer of trade, the transaction was turned into payment and delivery based transaction and the stamp duty and STT on such transactions was payable by clients were 0.01% and 0.125%, respectively. Thus, while the clients paid stamp duty and STT on the rates applicable on actual payment and delivery based transaction, the Noticee had paid stamp duty and STT to the Government on lower rates on the basis of above self -trades that were executed on the stock exchange system and thereby it got benefited on account of difference of stamp duty and STT collected from clients and the stamp duty and STT actually paid by the Noticee.

9. The Noticee has attempted to put the onus on Mr. Amit Khemka for the above described fictitious self- trades and synchronised trades. In my view, a company always trades through individuals like employees and it cannot escape liability for authorised acts of its employees done during course of their employment. In this case, Mr. Amit Khemka was, at the relevant period, employee of the noticee and approved user of the noticee for its Terminal - 6680. He executed those trades using this Terminal and another Terminal 4917 whose approved user was Mr. Harshal Agrawal, brother of the Managing Director of the Noticee. While he was expressly authorised by the Noticee for Terminal 6680 being its approved user, he was not the approved user for Terminal 4917 but used the same while in course of employment and with implied authority of the Noticee. I, therefore, find that all those trades were executed by Mr. Amit Khemka during course of his employment with the Noticee and with its authority and hence, the Noticee cannot escape vicarious liability for trades executed by Mr Amit Khemka using Terminals of the Noticee. I note that this view has also been upheld by the Hon'ble SAT on various occasions including in its order dated October 10, 2013 in Appeal no. 148/2013 - *M/s. Triveni Management Consultancy Services Ltd. vs SEBI*.
10. In view of the above, I find that the Noticee indulged in those trades to make profits by evading STT and Stamp Duty on the transactions in manipulative and fraudulent manner while executing fictitious trades, falsifying its back office records and allowing use of its terminals by persons other than the authorised person. These transactions were certainly with *mala fide* intention as found by the DA. I, therefore, agree with findings of the DA that the Noticee violated provisions of regulations 3(a),(b),(c),(d) and 4 (1), 4 (2) (a), (g) (o) and (p) of the PFUTP Regulations, regulations 6A (1)(b) and Clauses A(1), A(2) and A(5) of Code of Conduct for stock brokers specified in Schedule II read with regulation 7 of the Stock Brokers Regulations and regulation 2.2.1 of Part A of the Capital Market Regulations of the NSE.

11. I note that the DA has found that by indulging in above trades the Noticee evaded ₹ 3,22,663.58 (₹298,762.57+₹23,901.01) towards STT and stamp duty charges, respectively and also defrauded investors by claiming excessive STT and stamp duty for their transactions. The Noticee has claimed that it has reimbursed the balance STT to the concerned clients and has relied upon the copy of the ledger account of certain clients. In my view, the ledger accounts are from the records of the Noticee itself and are not conclusive proof of the payment. Be that as it may, in my view, after completing the transaction by modifying the client code in back office the actual applicable rates of stamp duty and STT i.e. 0.01% and 0.125%, respectively were paid by the concerned client. Thus, the clients had not paid anything in excess of the applicable rates. It is the Noticee who evaded the payment of actual applicable stamp duty and STT on the real transaction that happened after the client code modification since it paid stamp duty and STT with regard to non delivery based self trades that were executed on the stock exchange system at the rate of 0.002% and 0.025%, respectively. I am, therefore, of the view that the Noticee is liable to pay to the Government an amount of ₹3,22,663.58 (₹298,762.57+₹23,901.01) being the difference between the payable and actually paid STT and stamp duty.
12. The DA has found that in addition to the trade transfer with respect to self trades as discussed above, certain other trades punched in one client were subsequently transferred to another client by modifying the client code at back office of the Noticee, post trading hours, without disclosure of the actual transaction on the stock exchange. While admitting to such trade transfers, the Noticee has submitted that those trades were carried out mostly under specific instructions of the clients wherein at the time of placing an order, they had mistakenly given some wrong client code and post execution of order, when trade confirmation was sent to them, they requested the Noticee to change the client code to the account from where they intended to give delivery of shares. I find that that the Noticee has failed to prove its claim by adducing any evidence. I further note from the records that such trade transfer by client code modification have occurred in large number of instances (6300 orders). It has also been found that trade transfer by client code modification had occurred in respect of only one client in large number of orders. For example, the client code R20 (Ratan Cheda) was modified to the client code R200 (Bharti D. Cheda) for 4,582 orders involving trades in 7,01,172 shares. I, therefore, do not find Noticee's claim that it merely facilitated its clients to rectify their mistake or to regularize their account, plausible. In my view, the large instances of trade transfers by client code modification as found in this case cannot be just a coincidence without deliberate actions with ulterior motives. I, therefore, do not accept the contention of the Noticee and agree with the findings of the DA in this regard.
13. The Noticee has admitted that its dealers used to manage portfolios for certain clients, namely, Mittal family, Sanghvi family, Shivanand family, Patalia family, Haria family, Phutane family, Chheda

family and others. Further, the Noticee's dealers used to decide the scrip, quantity, price, etc. and execute the trades and at the end of the day, these trade details were informed to the clients. However, it has contended that offering/extending services like buying or selling on behalf of its clients or offering advices for buying and selling is because of its long term association with its clients and as such need not be considered as offering portfolio management services. It has further claimed that there was no separate charge except for brokerage for the services rendered to its clients and there was no written agreement between the Noticee and its clients. I note that this charge is leveled against the Noticee in the background that its dealers were managing portfolio of several clients and they were transferring the trades to any one of those clients by modifying the client code in the back office after the trade hours. In all these transactions the Noticee's dealers were deciding on the trade, quantity, etc. without any instructions from the clients. I also note from the Report that the Noticee was managing more than 200 clients' portfolio and the portfolio size range from ₹25,000/- to ₹ 10 crores. Further, 50% of the clients' portfolio size was within the range of ₹5 lac to ₹25 lac. I further note that the Noticee has been taking different stands and making contradictory submissions in this regard before the DA and has failed to give any plausible defence with regard to this charge. I, therefore, find that the charge in this regard against the Noticee is established.

14. With regard to charge of mis-utilization of clients' securities and third party acceptance and delivery of securities, I note that the submission of the Noticee with regard to Narendra Joshi and Mahesh Investments has been accepted by the DA and *inter se* transfer of securities in those two names are not the basis of this charge. I further note that in addition to instances with regard to Narendra Joshi, the DA has relied upon several other instances on sample basis in the Report. The Noticee has not disputed those instances of mis-utilization of securities and third party acceptance of securities for the trades of the clients. I further note that the Noticee had stated before the Investigating Authority that it had to borrow the shares from the clients for margin pay-ins, funds pay-ins and even for adjusting the pay-ins and pay-outs of other clients. I agree with the findings of the DA that those submissions of the Noticee cannot be accepted in view of the requirements of SEBI circular MRD/DoP/ SE/ Cir-11/2008 dated April 17, 2008 which requires that the client's collateral cannot be used for any purposes other than meeting his margin requirements/ pay-ins. I note that now, in these proceedings, the Noticee has changed its stand and has claimed that it was utilizing the clients' securities as per their instructions. I find that the Noticee has admitted the mis-utilization of clients' securities and third party acceptance of securities and has failed to substantiate its claim on the basis of any evidence. I, therefore, agree with the findings of the DA with regard to this charge.

15. With regard to the requirements under T+2 settlements, I note that there are two-fold charges against the Noticee in the Report. Firstly, it has failed to transfer funds and securities within 24 hours of the pay-out as required under SEBI circular SMD/POLICY/Cir-06/03 dated February 12, 2003. In this regard, I note from the Report that the Noticee had admitted during investigations that the shares were not transferred between the buyer and seller in T+2 but at the year-end trades were squared off. Further, since the Noticee was managing certain clients' portfolios the shares were not transferred to the clients' account immediately. The Noticee has not disputed the charge in its reply and submissions in these proceedings. I, therefore, do not have any reason to differ with the findings of the DA that the Noticee failed to transfer funds and securities within 24 hours of the pay-out as required in terms of SEBI circular dated February 12, 2003. Secondly, it has been alleged that the Noticee has failed to settle the funds and securities at least once in a calendar quarter or month depending on the preferences of its client as per the requirements of SEBI circular MIRSD/SE/Cir-19/2009 dated December 03, 2009. In this regard, I find merit in the submission of the Noticee that this circular was not applicable with regard to its transactions that it had executed in 2008.
16. It is admitted position that the Noticee was not issuing contract notes in the format prescribed by NSE in its regulations and bye laws since the contract notes issued by it did not mention order number, trade number, order time and trade time and disclosed weighted average price for multiple trades rather than trade price of specific trade. The Noticee has claimed that it was issuing the contract notes in this manner as per the written instruction of the clients. I note that the Noticee has failed to substantiate its claim by any evidence. The other defence of the Noticee is that it was mentioning the summarised transaction details in its contract notes for easy understanding of the client cannot be accepted as a stock broker is not permitted to devise its own format of contract note and is obligated to issue the contract notes in the format prescribed by the stock exchange mentioning therein the specific details of order number, trade number, order time, trade time and price of the scrip, etc. In my view, these requirements with regard to the specific details of a transaction in the contract note are intended to ensure transparency of transaction and protection of the investors' interest which cannot be compromised by the stock broker by modifying the format as was done by the Noticee in this case. I, therefore, agree with the findings of the DA and find that the Noticee has violated the provisions of regulation 3.5.1 of Part A of Capital Market Regulations of the NSE, Circular no. NSEIL/LEGAL/7036 dated January 05, 2006 and NSEIL/INSP/7330 dated March 30, 2006 of NSE read with regulation 6A (1)(b) of the Stock Brokers Regulations and Clause A (5) of Code of Conduct for stock brokers specified in Schedule II read with regulation 7 of the Stock Brokers Regulations.

17. As regards allegation of non-issuance of the statement of accounts for funds and securities, I note that the Noticee has made contradictory submissions and has been constantly shifting its stand. I note from the Report that during the investigations, the Noticee had admitted that it was not sending the statement of funds and securities to its clients. However, it had claimed that it was communicating to its clients regularly and there were no complaints against it in that regard. During the investigation the Noticee did not submit any proof in support of its claim and had stated that it was not in a position to show any proof of sending the statements since it was not maintaining the same. Later, in its submission dated November 09, 2011 before the DA the Noticee changed its stand and claimed that it was sending the statement of accounts for the funds and securities to its clients on quarterly basis and also on daily basis, if they so demanded. However, the proofs of deliveries submitted by it in support of its claim have not been found sufficient by the DA so as to ascertain the correctness of the claim of the Noticee. The DA has found that the Noticee had given contradictory statement in this regard and thus the submission made by it is only an afterthought and cannot be accepted. Now, in response to the SCN it has contended that the statements for accounts are not relevant for the transactions in the cash segment. I note that in terms of clause 2.3 of SEBI circular SEBI/MIRSD/DPS-1/Cir-31/2004 dated August 26, 2004 read with clause 16 of the Model Agreement between stock broker and client that is applicable in cash segment, the stock broker and client are required to reconcile their accounts at the end of each quarter with reference to all the settlements where payouts have been declared during the quarter. Clause 23 of the Model Tripartite Agreement, further stipulates that the transaction between the stock broker and the client executed on the stock exchange are subject to rules, regulations and bye-laws of the stock exchange. I further note that regulation 6.1.5(d) of Part A of Capital Market Regulations of the NSE as amended by NSE circular NSEIL/LEGAL/6806 dated October 24, 2005 requires that every trading member shall send a complete 'Statement of Accounts' for both funds and securities in respect of each of its clients in such periodicity not extending three months. I, therefore, do not find any substance in the contention of the Notice in this regard and agree with the findings of the DA.

18. With regard to non-furnishing of daily margin statement, I note that during the investigation the Noticee had admitted that it was not sending client margin information however it was informing its clients and margin collection was optional. Before the DA the Noticee submitted that the it was sending the daily margin statement on the daily basis orally over the phone. Now, in response to the SCN the Noticee has claimed that the margin statement is not relevant for the transaction in the cash segment. I have perused the SEBI circular number MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 and note that it requires the stock broker to issue a daily statement of collateral utilization to the clients which shall include *inter alia* details of collateral deposited, collateral utilised and collateral status with break up in terms of cash, fixed deposit, bank guarantee and securities. This circular does not distinguish between cash segment and derivatives segment and as such is

applicable to both the segments. I, therefore, do not agree with this contention of the Noticee. The Noticee has further contended that the contract notes were being sent to the clients on the execution of their trades. In this case, it has been found that the Noticee has been issuing deficient contract notes. In any case, the contract notes are not substitute for daily margin statement and they cannot be so since the contract notes do not have the details of margin/collaterals. I, therefore, find the contention of the Noticee vague and without any basis and hence I agree with the findings of the DA.

19. I note that the Noticee has failed to furnish the information despite having received the relevant transaction details from SEBI. I, therefore, find that the Noticee failed to cooperate with the SEBI's investigation. It is to be kept in mind that non furnishing of information thwarts SEBI's investigation and undermines the regulatory authority. The observations of the Hon'ble SAT in its order dated November 22, 2011 in the matter of Appeal no. 172 of 2011- *Gennex Laboratories Ltd. vs SEBI* is worth mentioning:

"..... This Tribunal has taken a consistent stand in several appeals that non compliance to summons and consequent non furnishing of information hampers investigation by statutory authorities and it acts as a severe handicap in arriving at just and reasonable conclusion by the statutory authorities within a reasonable period of time."

20. In view of the above finding, I find that all the above charges against the Noticee as levelled in the Report are established. I also agree with the findings of the DA that the Noticee had violated the relevant provisions of the SEBI Act, Portfolio Managers Regulations, PFUTP Regulations, Stock Brokers Regulations, SEBI circulars (except circular No. MIRSD/SE/Cir-19/2009 dated December 03, 2009), NSE bye-laws, regulations and circulars as found in the Report with regard to each of the charges.
21. The Noticee has further submitted that with regard to the violations alleged in the SCN, SEBI usually undertakes adjudication proceedings and hence its case is also fit for adjudication under Chapter VIA of the SEBI Act rather than the proceedings under section 12(3) and Chapter V of the Intermediaries Regulations. In this regard, I note that the scheme of the SEBI Act of for taking enforcement actions in case of defaults is very clear. It is also clear that within framework of SEBI Act and Regulations, SEBI has discretion to choose any one or more civil action/s in case of defaults or failures of statutory obligations considering the facts and circumstances of the case. Chapter VI of the Stock Brokers Regulations lays down guiding framework for initiating proceedings against stock brokers in case of defaults committed by them. Regulation 25 in Chapter VI of the Stock Brokers Regulations clearly provides that in case of defaults or failure of statutory obligations by stock brokers one or more of the civil proceedings such as adjudication proceedings

for monetary penalty under Chapter VIA and/or proceedings under section 12(3) for action of suspension or cancellation of certificate of registration can be initiated. Regulation 26 lists out instances when adjudication proceedings can be initiated and regulation 27 lists out instances where proceedings under section 12(3) read with Chapter V of the Intermediaries Regulations can be initiated. I note that the while some of the defaults and failures alleged to have been committed by the Noticee fall in the list provided in regulation 26, some of them specifically fall in the list provided in regulation 27. Regulation 27 further provides for initiation of proceedings under Chapter V against a stock brokers if he, *inter alia*:-

*“(viii) fails to comply with the rules, regulations and bye-laws of the stock exchange of which he is a member; or
(ix) fails to co-operate with the inspecting or investigating authority; or
(xiv) violates Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003; or
(xv) commits violation of any of the provisions for which monetary penalty or other penalties could be imposed; or
(xvi) fails to comply with the circulars issued by the Board; or
(xvii) commits violations specified in regulation 26 which in the opinion of the Board are of a grievous nature.”*

22. In this case, the several charges against the Noticee squarely fall under the cases contemplated in regulation 27 besides some of them being covered under regulation 26. Accordingly, in my view, this case is fit for proceedings under section 12(3) read with Chapter V of the Intermediaries Regulations. I further note that the facts and circumstances of the cases cited by the Noticee are different from those in this case and find that those cases are of no help to the Noticee to support its contention.
23. In this case, the Noticee has committed several serious defaults as found hereinabove. I find that the Noticee has executed fictitious and manipulative trades on several occasions which had potential to disturb the fair, equitable and efficient functioning of securities markets. Besides, its defaults, particularly those related to trade transfers, issuance of contract notes in prescribed format and without requisite details, payment of funds and delivery of securities to the respective clients, mis-utilisation of funds and securities of clients and non furnishing of statement of accounts for funds and securities and Daily Margin Statement, etc. undermines the investors interests. Being a registered intermediaries, the Noticee deliberately disobeyed the summons issued by SEBI and did not cooperate with investigations. As found hereinabove, the Noticee also acted as unregistered portfolio manager and contravened several provisions of the SEBI Act, Stock Brokers Regulations, SEBI circulars, NSE Regulations and Bye-Laws while conducting its activities. I, therefore, am satisfied that it is necessary to secure the proper management of the Noticee and that appropriate enforcement action should be taken against it. In my view, considering the facts and circumstances of this case and taking into account the interests of the investors, suspension of certificate of

registration of the Noticee for six months as recommended by the DA will be commensurate with the contraventions found in this matter.

24. I, therefore, in exercise of the power conferred upon me by virtue of section 19 of the Securities and Exchange Board of India Act, 1992, read with regulation 28 (2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, hereby suspend the certificate of registration [Registration number INB231123432] of the Noticee, i.e., Swan Securities Pvt. Ltd., a stock broker and member of NSE for a period of three months.
25. A copy of this order shall also be forwarded to the concerned authorities of respective Government for the purposes of realisation of ₹3,22,663.58 (₹298,762.57+₹23,901.01) being the difference between the payable and actually paid STT and stamp duty from Swan Securities Pvt. Ltd.
26. A copy of this order shall also be served upon the broker and NSE in accordance with regulation 30 of the SEBI (Intermediaries) Regulations, 2008 for ensuring compliance of this Order and realisation of above amounts from Swan Securities Pvt. Ltd.
27. This order shall come into force immediately on expiry of twenty one days from the date of this order.

Date: January 3, 2014
Place: Mumbai

RAJEEV KUMAR AGRAWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA