

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA,
MUMBAI**

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

**M/s. FMS SECURITIES LIMITED
MEMBER: BOMBAY STOCK EXCHANGE LIMITED
SEBI REGISTRATION No.INB 011079838**

**IN THE MATTER OF
INSPECTION OF BOOKS OF ACCOUNTS AND OTHER RECORDS**

(CONSENT APPLICATION NO.1070/2008)

1. Securities and Exchange Board of India (SEBI) had carried out an inspection of books of accounts, documents and other records of M/s. FMS Securities Ltd (the applicant), located at 301, Yamuna Towers, 13, Saini Enclave, Delhi, for the period January 2004 to February, 2005. In the inspection, it was prima-facie found that the applicant committed irregularities in the issuance of contract notes and in maintaining client registration/agreement forms; failed to disclose proprietary trading to clients; failed to disclose the contents of risk disclosure document to clients; dealt with unregistered sub-brokers; granted trading terminals at places other than registered office/branch office/registered sub-broker offices; failed to segregate own and clients funds; misused client accounts; and caused delay in payment of funds, dividends and delivery of securities. In view of the above, it was alleged in the Inspection Report that the applicant has violated Rule 4(b) of the SEBI (Stock Brokers and Sub-Brokers) Rules, 1992 and Clauses A(2), A(5), B(2), D(1) of the Code of Conduct for Stock Brokers prescribed under Regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and various SEBI circulars.

2. Pursuant to the said inspection, show cause notice dated August 17, 2006 was issued to the applicant under Regulation 6 of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002. While the proceedings pursuant to the above mentioned show cause notice were in progress, the applicant vide application dated November 14, 2008, proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicant proposed revised consent terms vide letter dated December 14, 2009, whereby the applicant undertook to pay Rs.4,00,000/- (Rupees Four Lakh only) towards settlement charges. The consent terms proposed by the applicant was placed before the High Powered Advisory Committee which, after deliberations, recommended that the case may be settled on the terms proposed by the applicant. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated June 25, 2010.
3. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has remitted a sum of Rs.4,00,000/- (Rupees Four Lakh only) vide Demand Draft No.059215 dated July 2, 2010 on HDFC Bank Ltd., Fort, Mumbai.
4. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings initiated against the applicant.
5. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against the applicant, if:
 - a. any representation made by the applicant in this consent

- proceeding is subsequently discovered to be untrue; or
- b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
6. A copy of this order shall be served on Bombay Stock Exchange Limited of which applicant is a member.
7. This consent order is passed on this day, the 12th of August, 2010.

K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER