

**CONSENT ORDER IN THE ADJUDICATION PROCEEDINGS AGAINST SHILPA STOCK BROKERS PVT. LTD. IN THE MATTER OF IRREGULARITIES RELATING TO DEALINGS IN THE FUTURES AND OPTIONS CONTRACTS.**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) vide order dated August 03, 2007 initiated adjudication proceedings against Shilpa Stock Brokers Pvt. Ltd. (hereinafter referred to as “applicant”). I was appointed as the adjudicating officer to inquire into and adjudge under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”), the violations of the Regulations 3 (a), (b) and (c) , 4(1), 4(2) (a) and (b) of the SEBI (prohibition of Fraudulent and Unfair Trade practices Relating to Securities Market) Regulations 2003 (hereinafter referred to as ‘PFUTP Regulations’) and Regulations 7A(1) , (2), (3) and (4) of the SEBI (Stock brokers and sub-brokers) Rules and regulations, 1992 alleged to have been committed by applicant.
2. SEBI conducted an examination into the dealings in the futures and options segment of NSE, during the period January to March 2007. It was alleged on the basis of the findings of the examination report that, during the said period, the applicant had executed non genuine transactions in collusion with certain clients and brokers in the futures and options segment of NSE.
3. A Show Cause Notice A&E/BS/105488/2007 dated October 05, 2007 was issued in the adjudication proceedings to the applicant. Subsequently, the applicant has made an application dated October 25, 2007 along with an affidavit of “undertakings / waivers” in the matter in terms of SEBI Circular no. EFD/Cir-1/2007 dated April 20, 2007.
4. The consent terms proposed by the applicant were placed before the High Powered Advisory Committee (hereinafter referred to as “HPAC”) and the HPAC, after deliberation, recommended the case for settlement on payment of Rupees Four Lakh (Rs. 4,00,000/- ) towards settlement charges.
5. In terms of the applicant’s proposal, for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant to any finding of fact or conclusion of law, the applicant has remitted the said sum towards the terms of consent in the matter of proceedings before SEBI under Section 11B, 11(4), 11D of the Securities

and Exchange Board of India Act, 1992, and also in respect of the present adjudication proceedings. SEBI vide order dated October 23, 2008 disposed of the proceedings before SEBI under Section 11B, 11(4), 11D of the Securities and Exchange Board of India Act, 1992 against the applicant. Pursuant to the same, this order is being issued in the adjudication proceedings initiated against the applicant vide show cause notice no A&E/BS/105488/2007 dated October 05, 2007.

6. In view of the above, it is hereby ordered that:
  - (i) this consent order disposes of the present adjudication proceedings initiated vide Show Cause Notice A&E/BS/105488/2007 dated October 05, 2007 against the applicant.
  - (ii) passing of this order is without prejudice to the right of SEBI to take enforcement action including commencing/reopening of the pending proceedings against the applicant, if SEBI finds that:
    - a. any representations made by the applicant in the consent proceedings are subsequently discovered to be untrue.
    - b. the applicant has breached any of the clauses / conditions of undertakings/waivers filed during the current consent proceedings.
7. This consent order is passed on this 10<sup>th</sup> day of November, 2008 and shall come into force with immediate effect.

**Biju. S**

**Place: Mumbai**

**Adjudicating Officer**