

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No. 3508/2018 and 3509/2018

JMP Securities Pvt. Ltd. (PAN:AAACJ8850C)

1. JMP Securities Pvt. Ltd. (hereinafter referred to as ‘applicant’) filed two settlement applications in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (“Settlement Regulations”), without admitting or denying the findings of fact and conclusions of law, proposing to settle, through a settlement order, the following:
 - (i) the appeal pending before the Hon’ble Securities Appellate Tribunal arising out of the adjudication proceedings wherein an order dated January 31, 2018 was passed by the Adjudicating Officer imposing a penalty of Rs. 25,00,000/- (Rupees Twenty Five Lakh only) on the applicant. The said adjudication proceedings were initiated vide Show Cause Notice dated October 31, 2017, for violation of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a) and (g) of SEBI (Prohibition of Fraudulent Trade Practices Relating to Securities Market) Regulations, 2003 and Clause A (2) of the Code of Conduct for Stock Brokers read with Regulation 7 (Regulation 9 – post amendment) of the SEBI(Stock Brokers and Sub-brokers) Regulations, 1992
 - (ii) the enquiry proceedings initiated against it vide Show Cause Notice dated April 11, 2018 for violation of Section 12 A(a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4(1), 4 (2)(a) and (g) of SEBI (Prohibition of Fraudulent Trade Practices Relating to Securities Market) Regulations, 2003 and Clause A (3), (4) and (5) of the Code of Conduct for Stock Brokers r/w Regulation 7 (Regulation 9 – post amendment) of the SEBI(Stock Brokers and Sub-brokers) Regulations, 1992.
2. It is stated in the Show Cause Notices that the applicant executed self-trades in its proprietary account in the scrip of Vertex Spinning Ltd. (VSL). The volume of self trades was 44,71,060 shares through 128 trades which amounted to 8.057% of the market volume. It was observed that the top 10 brokers accounted for 55.46 % of the buy volume and 63.86 % of the sell volume during the period of investigation. It was also observed that the applicant was the one of the top brokers on the buy as well as sell side. Out of the 128 self-trades, in respect of 57 trades for 31,27,973 shares of VSL, the terminal ID from which the orders were placed was the same and further the dealer on the buy as well as sell side was also the same.

3. The High Powered Advisory Committee ('HPAC') in its meeting held on October 08, 2018 considered the settlement terms proposed and recommended both the applications for settlement upon payment of a consolidated amount of ₹ 39,73,750 /- (Rupees Thirty Nine Lakh Seventy Three Thousand Seven Hundred and Fifty only) as settlement amount for the aforementioned violations. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on November 14, 2018 and the same was communicated to the applicants vide e-mail dated November 20, 2018.
4. The applicant vide Demand Draft number 048121 dated November 30, 2018 drawn on Bank of India has remitted ₹ 39,73,750 /- (Rupees Thirty Nine Lakh Seventy Three Thousand Seven Hundred and Fifty only) towards the consolidated settlement charges for both the applications. The same was placed before the Hon'ble Securities Appellate Tribunal.
5. Vide an order dated December 07, 2018 the Hon'ble Securities Appellate Tribunal granted approval under Regulations 16(2) of the Settlement Regulations for settlement of the adjudication proceedings which was pending before it in the present matter.
6. Accordingly, the adjudication proceedings and the enquiry proceedings for the alleged defaults as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms, by way of this order and SEBI shall not initiate any enforcement action against the applicant for the said defaults.
7. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 15 and 19 of the Settlement Regulations, it is hereby ordered that:
 - i. the adjudication and enquiry proceedings for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicants as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicants for the said default,
 - iii. this order disposes of the said adjudication and enquiry proceedings in respect of the applicants as mentioned above and;
 - iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicants, if SEBI finds that:
 - a. any representation made by the applicants in the present settlement proceedings is subsequently discovered to be untrue;
 - b. the applicants have breached any of the clauses/ conditions of undertakings/

waivers filed during the present settlement proceedings.

8. This settlement order is passed on this 16th day of January, 2019 and shall come into force with immediate effect.
9. In terms of Regulation 17 of the Settlement Regulations, a copy of this order shall be sent to the applicants and shall also be published on the website of SEBI.

-Sd-

S.K. MOHANTY

WHOLE TIME MEMBER

-Sd-

ANANTA BARUA

WHOLE TIME MEMBER