

Consent Order against SMC Global Securities Pvt. Ltd

Apr 30, 2008 | Orders : Settlement Order

[ORDER NO.AO/BS/13/ 2008]

ORDER UNDER SECTION 15I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5(1) OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995 IN THE ADJUDICATION PROCEEDINGS AGAINST SMC GLOBAL SECURITIES LIMITED.

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") has initiated adjudication proceedings against SMC Global Securities Limited (hereinafter referred to as "the applicant") for violation of the provisions of Regulations 17(1) (i), and 18B of SEBI (Stock Brokers and Sub- brokers) Regulations, 1992 and Rule 4(c) of SEBI (Stock Brokers and Sub Brokers) Rules, 1992. It is alleged that the applicant was indulged in irregularities like dealing with unregistered sub brokers, non segregation of the clients funds and securities, discrepancies in Know Your Client forms, irregularities in maintaining acknowledgment copy of contract notes and change of the constitution taking prior permission from SEBI.
2. In response to the show cause notice A&E/BS/106138/2007 dated October 15, 2007 issued in the adjudication proceedings, the applicant made an application dated November 1, 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. Pursuant to the above application, the applicant vide letter dated January 31, 2008 proposed revised consent terms where the applicant without admitting or denying guilt and subject to the clauses of the undertakings and the waivers proposed to offer Rs. 5,00,000 (Rupees five lakhs only) in aggregate in respect of the consent application number 325 of 2007 made by the applicant in the matter.
3. The consent terms proposed by the applicant were placed before the High Powered Advisory Committee (hereinafter referred to as "HPAC") and HPAC after deliberations recommended the case for settlement on payment of Rs. 5,00,000 (Rupees five lakhs only) in aggregate by the applicant.
4. 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 the finding of conclusion of law, the applicant has remitted a sum of Rs. 5,00,000 (Rupees five lakhs only) vide Demand Draft No. 035966 dated 21.04.2008 drawn on HDFC Bank, Mumbai, towards the terms of consent in the matter.
5. 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 no. A&E/BS/106138/2007 dated October 15, 2007 against the applicant;

(ii) passing of this order by SEBI is without prejudice to the right of SEBI to take enforcement action including commencing/reopening of the pending proceedings against the applicant.

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.
6. This consent order is passed on this 30th day of April 2008 and shall come into force with immediate effect.

Biju. S
Adjudicating Officer

Place: Mumbai

