

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY  
M/s ALLIANCE FINSTOCK LTD.**

**IN THE MATTER OF  
M/s ALLIANCE FINSTOCK LTD.**

**CO/MIRSD/1541/AO/SD/04/2008**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had initiated adjudication proceedings against M/s ALLIANCE FINSTOCK LTD (hereinafter referred to as 'noticee') to enquire into and adjudge under Section 15HB of the SEBI Act, 1992 (hereinafter referred to as 'the said Act') read with the provisions of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as the 'said Regulations'), their alleged violation of provisions viz., Regulations 26(xiii),(xiv),(xix) & (xx) of the said Regulations, read with SEBI Circular No. SMDRP/POLICY/CIR/49/2001 dated October 22, 2001, SEBI Circular No. SMD/SED/CIR/93/23321 dated November 18, 1993, SEBI Circular No. SMD/POLICY/CIR/3-97 dated March 31, 1997 & code of conduct prescribed for Stock Brokers under Regulation 7 of said Regulation, in the matter of having installed the terminals at unauthorized places under Regulation 26(xix) of the said Regulations read with SEBI Circular No. SMDRP/POLICY/CIR-49/2001 dated October 22, 2001, failed to reconcile the dividend accounts & delayed the payment of dividend to the clients under Regulation 26(xx) of the said Regulation read with SEBI Circular No. SMD/SED/23321 dated November 18, 1993, having dealt with unregistered Sub-Brokers under Regulation 26(xiv) of the said Regulation read with SEBI Circular No. SMD/POLICY/CIRCULAR/3-97 dated March 31, 1997, having misutilised the client's funds under Regulation 26(xiii) of the said Regulation & lastly failure to observe the Code of Conduct prescribed for Stock Brokers under Regulation 7 of the said Regulation. Accordingly, a show cause notice bearing no.EAD/GBR/101151/2007 was issued under Rule 4 of the SEBI (Procedure for Holding Enquiry & Imposing Penalties by Adjudicating

Officer) Rules 1995 to the noticee, for the alleged violation of the abovementioned provisions of law by the noticee.

2. Pending the adjudication proceedings, the noticee made an application dated May 16, 2008 and an affidavit of “Undertakings and Waivers” in the matter in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated 20<sup>th</sup> April, 2007. Pursuant to the said application, the noticee vide letter dated May 16, 2008 had proposed to pay Rs. 2,00,000/- (Rupees Two Lakhs only) towards consent terms in the present matter. The terms as proposed by the noticee were placed before the High Powered Advisory Committee (HPAC) meeting held on July 15, 2008 and after considering the facts and circumstances of the case, consent terms offered by the noticee and material put forth before the HPAC by SEBI, the HPAC recommended that the case may be settled on payment of Rs. 2, 00,000/- (Rupees Two Lakhs only), which has been approved by the Committee of Members vide RNI 953/2008 dated August 12, 2008.
3. In terms of the noticee’s proposal for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the noticee to the finding of fact or conclusion of law, the noticee has remitted a sum of Rs. 2,00,000/- (Rupees Two Lakhs only), vide Demand Draft no. 868961 dated August 27, 2008 drawn on HDFC Bank Limited, Mumbai, towards the terms of consent in the matter.
4. In view of the above, it is hereby ordered that:
  - (a) this consent order disposes of the said adjudication proceedings pending against the noticee under the SEBI Act, 1992 in the matter of M/S Alliance Finstock Limited, and
  - (b) passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the noticee, if SEBI finds that
    - I. any representations made by the noticee in the consent proceedings are subsequently discovered to be untrue.

II. the noticee has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.

This consent order is passed on the 16<sup>th</sup> day of September, 2008 and shall come into force with immediate effect.

**SANDEEP DEORE**  
**ADJUDICATING OFFICER**