

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

**CONSENT ORDER**

**On the Application submitted by**

**MPSE Securities Ltd.**

**Registration No.IN-DP-CDSL-168-2002**

***CO/MIRSD/1455/AO/VSS/37/2008***

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1. An inspection of books of accounts, records and other documents of MPSE Securities Ltd. (hereinafter referred to as the 'Noticee'), a registered Depository Participant, was conducted by M/s. M. Munshi & Co., Chartered accountants, on behalf of Securities and Exchange Board of India (hereinafter referred to as 'SEBI') covering the period from September 2003 to February 2005. The inspection revealed certain shortcomings/deficiencies in the functioning of the Noticee.
2. Therefore, adjudication proceedings were initiated against the Noticee to inquire into and adjudge under section 15HB of Securities and Exchange Board of India Act, 1992 and section 19G of Depositories Act, 1996 for the alleged violation of the provisions of regulations 42(2), 50, 54(4), 58 of SEBI (Depositories and Participants) Regulations, 1996 (hereinafter referred to as 'DP Regulations'), Para 16 of the Code of Conduct specified in schedule III of DP Regulations read with regulation 20A of DP Regulations and SEBI Circular No. SMDRP/Policy/Cir-36/2000 dated August 4, 2000. Consequently, a Show Cause Notice No. EAD/EAD-5/PG/86185/2007 dated February 12, 2007 was issued under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and rule 4 of Depositories (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005, by Mr. Piyoosh Gupta, (then) Adjudicating Officer. Consequent upon the transfer of Mr. Piyoosh Gupta, the undersigned has been appointed as A.O. vide order dated November 19, 2007.
3. Meanwhile, the Noticee made an application dated January 16, 2008 and an affidavit of "undertakings and waivers" in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20<sup>th</sup> April, 2007 for Consent Order in respect of the aforesaid SCN

before SEBI. Subsequently, the Noticee vide letter dated June 2, 2008 proposed revised consent terms, without admitting or denying the guilt and subject to clauses of the undertakings and waivers, submitting that he was willing to pay a sum of Rs.1,00,000/- (Rupees one lakh only) towards settlement charges in the matter. The terms as proposed by the Noticee was placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') on July 15, 2008. The HPAC considered the facts and circumstances of the case, consent terms offered by the Noticee and the material brought before the committee by SEBI and recommended that the case may be settled on payment of Rs.1,00,000/- (Rupees one lakh only). The recommendations of the HPAC were placed before the two Whole Time Members of the Board who have agreed to the terms of consent as recommended by the HPAC.

4. In pursuance of the aforesaid consent terms, the Noticee has remitted a sum of Rs.1,00,000/- (Rupees one lakh only), vide Demand Draft No.017018 dated August 22, 2008 drawn on Bank of India, Mumbai, towards the terms of consent in the matter.
5. In view of above, it is hereby ordered that,
  - i) This consent order disposes of the said proceedings pending against the Noticee under Securities and Exchange Board of India Act, 1992 and Depositories Act, 1996, and
  - ii) 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
    - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
    - b. the Noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
6. This consent order is passed on the 30<sup>th</sup> September, 2008 and shall come into force with immediate effect.

**V S Sundaresan**  
**Adjudicating Officer**