

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI**

CONSENT ORDER

**ON THE APPLICATION SUBMITTED BY
SOVEREIGN SECURITIES PRIVATE LIMITED
(INB NO.010984336)
IN THE MATTER OF
INSPECTION OF SOVEREIGN SECURITIES PRIVATE LIMITED

(CONSENT APPLICATION NO. 506 OF 2008)**

1. Securities and Exchange Board of India (SEBI) had conducted an inspection of the books of accounts and other records of Sovereign Securities Private Limited (hereinafter referred to as the applicant), a broker of BSE, for the period April 01, 2000 - August 06, 2002. The inspection, prima facie, revealed several irregularities including non-collection of margins from the clients, non-lodging of FIR in case of fake/forged shares, dealing with unregistered sub-brokers, etc.
2. In view of the above findings, SEBI initiated enquiry proceedings under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 alleging violation of provisions of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and various circulars issued by SEBI. Based on the enquiry report, a show cause notice dated February 08, 2006 was issued to the applicant. It replied to the show cause notice vide letter dated March 16, 2006.
3. While further proceedings in the matter were in progress, the applicant, vide his letter received by SEBI on February 12, 2008, requested for settlement of the proceedings through a consent order under circular No. EFD/ED/Cir-01 dated April 20, 2007. He proposed revised terms of consent vide letter dated September 19,

2008. The High Powered Advisory Committee, constituted by SEBI, considered the terms proposed by the applicant and recommended the case for settlement. As per the terms of settlement, the applicant shall pay Rs. 4,00,000 (Rupees four lakh only) as settlement charges and Rs. 25,000/- (Rupees twenty five thousand only) as administrative charges. SEBI accepted the said terms of settlement and communicated the same to the applicant vide letter dated October 22, 2008.

4. 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 findings of fact or conclusion of law, the applicant has remitted a sum of Rs. 4,00,000 (Rupees four lakh only) towards settlement charges vide demand draft No. 229708 dated November 3, 2008 and a sum of Rs. 25,000 (Rupees twenty five thousand only) towards administrative charges vide demand draft No. 229707 dated November 3, 2008 drawn on HDFC Bank Ltd, Mumbai.
5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings pending before SEBI against the applicant for the violations mentioned above.
6. This order is without prejudice to the right of SEBI to take enforcement actions, including commencing or reopening pending proceedings against the applicant, if:
 - i. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue;
 - ii. the applicant breaches any of the clauses/conditions of undertakings/ waivers filed during this consent proceeding.
7. A copy of the order shall be served on Bombay Stock Exchange Limited of which the applicant is a broker.

8. This consent order is passed on the 28th day of November, 2008 and shall come into force with immediate effect.

T. C. Nair
Whole Time Member

M. S. Sahoo
Whole Time Member