

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

**ON THE APPLICATION SUBMITTED BY
CPR CAPITAL SERVICES LTD.**

**IN THE MATTER OF
DEALINGS IN FUTURES AND OPTIONS CONTRACTS**

(CONSENT APPLICATION No. 429/2008)

1. Securities and Exchange Board of India (SEBI) had conducted investigation into the alleged irregularities in dealings in the Futures and Options (F&O) Segment of the National Stock Exchange of India Limited (NSE) for the period January - March 2007. The investigations, *prima facie*, revealed that CPR Capital Services Ltd., trading member of NSE (SEBI Reg. No. INB/INF 230876935) (hereinafter referred to as the applicant), had failed to exercise due skill, care and diligence in dealing in securities market. It had also bought and sold equal quantities of option contracts intra day in synchronization with others and thereby creating false and misleading appearance of trading in the derivatives market. It was, therefore, alleged that the applicant violated Regulation 3 (a) to (c) and 4 (1), (2) (a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 2003 and clauses A(1) to A(4) of the Code of Conduct for Stock Brokers read with Regulation 7 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
2. Pursuant to the investigations, SEBI initiated proceedings under Section 11B, 11(4) and 11D of the SEBI Act, 1992 and adjudication proceedings under Chapter VIA of the SEBI Act, 1992 against the applicant. SEBI issued ad interim ex parte order dated June 18, 2007

directing the applicant to cease and desist from dealing in futures and options in the manner found irregular. The applicant, vide letter dated July 10, 2007, filed submissions pursuant to the said interim order. The adjudicating officer issued a show cause notice dated October 05, 2007.

3. While the above proceedings were in progress, the applicant, vide letter dated December 19, 2007 proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. It proposed revised consent terms vide letter dated November 4, 2008. The High Powered Advisory Committee constituted by SEBI considered the consent terms proposed by the applicant and, after taking into account the prohibition already suffered by the applicant in terms of the interim order, recommended the case for settlement on payment of Rs. 5,00,000/- (Rupees five lakh only) towards settlement charges and Rs.25,000/- (Rupees twenty five thousand only) towards administrative charges. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated January 30, 2009.
4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges vide demand draft No. 399188 dated February 16, 2009 drawn on ICICI Bank, payable at Mumbai and a sum of Rs.25,000/- (Rupees twenty five thousand only) towards administrative charges vide demand draft No. 399189 dated February 16, 2009 drawn on ICICI Bank, payable at Mumbai. In view of the above, it is hereby ordered that this consent order disposes of the said proceedings under section 11B, 11(4), 11D and adjudication proceedings pending against the applicant in the matter of dealings in Futures and Options contracts.

5. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the pending proceedings against applicant, if:
- a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
6. This consent order is passed on this day, the 31st of March, 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M ABRAHAM
WHOLE TIME MEMBER