

**[CONSENT ORDER NO.AO/BS/01/2007]**

**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 THE STOCK BROKER CHUGH SECURITIES PRIVATE LIMITED.**

Pursuant to the investigation conducted by SEBI in respect of the dealings in the scrip of Munjal Showa Limited during the year 2004, it was alleged that the Stock Broker Chugh Securities Private Limited (hereinafter referred to as the 'noticee') executed structured trades in the scrip for some of its clients and thereby violated the provisions of Regulation 4(1), 4(2), (a), (b), (e), (g) and (n) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and Clause A(1), (2), (3), (4) and (5) of the Code of Conduct specified in schedule II read with Regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992. Adjudication proceedings were initiated against the noticee to inquire into and adjudge under Section 15HA and 15HB of the SEBI Act, 1992 and accordingly a show cause notice (No. A&E/BS/80064/2006) dated November 17, 2006 was issued under Rule 4 of SEBI (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995.

In response to the show cause notice, the noticee made an application no. 25/2007 dated July 9, 2007 in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20<sup>th</sup> April, 2007 for Consent Order in respect of the said adjudication proceedings. Subsequently, the noticee vide letter dated August 24, 2007 submitted that it is willing to pay an amount of Rupees One Lakh (Rs.1,00,000) as proposed consent terms. The terms as proposed by the noticee was placed before the High Powered Advisory Committee (HPAC) on September 8, 2007. 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 Rupees One Lakh (Rs.1,00,000). The recommendations of the committee were placed before the panel of Whole Time Members of the Board who approved the terms of consent as recommended by the committee.

In pursuance of the aforesaid consent terms, the noticee has remitted a sum of Rupees one lakh (Rs.1,00,000) , vide Demand Draft No.030991 dated October 24, 2007 drawn on HDFC Bank, Mumbai, towards the terms of consent in the matter.

In view of above, it is hereby ordered that,

- i) this consent order disposes of the adjudication proceedings pending against the noticee pursuant to show cause notice A&E/BS/80064/2006 dated November 17, 2006 under SEBI Act, 1992.
- 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.

This consent order is passed on the 7<sup>th</sup> December, 2007 and shall come into force with immediate effect.

**Biju. S**  
**Adjudicating Officer**