

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

**CONSENT ORDER  
ON THE APPLICATION SUBMITTED BY  
M/s. SMIFS SECURITIES LIMITED**

**IN THE MATTER OF  
SMIFS SECURITIES LIMITED  
(CONSENT APPLICATION NO. 189/2007)**

1. Securities and Exchange Board of India (SEBI) conducted an inspection of the books of accounts, documents and other records of the SMIFS Securities Limited (Applicant) for the period of 2001-2003. The inspection, *prima facie*, revealed that the applicant, M/s. SMIFS Securities Limited had dealt with an unregistered Sub-broker, failed to segregate the clients' funds and securities and failed to maintain client database.
2. Pursuant to the inspection, SEBI initiated enquiry proceedings under Regulation 13(2) of the SEBI (Procedure for holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 against the applicant. Based on the enquiry report, SEBI issued show cause notice dated August 24, 2006 alleging that the applicant had violated various provisions of the SEBI (Stock Broker and Sub-Broker) Regulations, 1992, the Securities Contract (Regulations) Rules, 1957 and a number of SEBI Circulars. The applicant replied to the show cause notice. An opportunity of hearing was granted to the applicant on February 7, 2007.
3. While further proceedings in the matter were in progress, the applicant, vide letter dated October 8, 2007, proposed settlement of these proceedings through a consent order. Vide letter dated May 16, 2008, the applicant proposed revised consent terms. The High Powered Advisory Committee appointed by SEBI considered the consent terms proposed by the applicant and recommended the case for settlement. As per the terms

of settlement, the applicant shall pay Rs. 3,00,000/- (Rupees three lakh only) as settlement charges. The said terms of settlement recommended by the High Power Advisory Committee were accepted by SEBI and communicated to the applicant vide letter dated August 20, 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 finding of fact or conclusion of law, the applicant has remitted a sum of Rs. 3,00,000/- (Rupees three lakh only) vide demand draft No. 866374 dated August 25, 2008 drawn on HDFC Bank Limited, 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 in the matter of SMIFS Securities Limited.
6. This order is without prejudice to the right of SEBI to take enforcement action, including commencing / reopening of the pending proceedings against the applicant if:
  - a. any representation made by the applicant in this consent proceedings is subsequently discovered to be untrue.
  - b. the applicant breaches any of the clauses/ conditions of undertakings/ waivers filed during this current consent proceedings.
7. This consent order is passed on the 17<sup>th</sup> September, 2008 and shall come into force with immediate effect.

**T. C. NAIR**  
**WHOLE TIME MEMBER**

**M. S. SAHOO**  
**WHOLE TIME MEMBER**