

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

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

**BONAFIDE STOCK AND CAPITAL PRIVATE LIMITED
(PAN No. AAACB7821R)**

IN THE MATTER OF

**ENQUIRY PROCEEDINGS AGAINST BONAFIDE STOCK AND CAPITAL
PRIVATE LIMITED**

(CONSENT APPLICATION NO. 1286 OF 2009)

1. Securities and Exchange Board of India (SEBI) had conducted an inspection of the books of accounts and other records of M/s. Bonafide Stock & Capital Private Limited (hereinafter referred to as “the applicant”), a broker (INB020679838) of the Ahmedabad Stock Exchange Limited and sub-brokers of Bombay Stock Exchange Limited (INS011426330) and National Stock Exchange India Limited (INS23148539) for the period April 2000 to September 2002. The inspection, prima facie, revealed irregularities, such as, discrepancies in maintaining order books, dealing with unregistered sub-brokers, etc., and therefore it was alleged that the applicant violated Rule 3 of the SEBI (Stock Brokers and Sub-Brokers) Rules, 1992 read with the Code of Conduct prescribed under Regulation 7 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
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 the provisions of the SEBI (Stock Brokers & Sub Brokers) Regulations, 1992 and various circulars issued by SEBI. A show cause notice dated December 31, 2004 was issued to the applicant. The applicant, vide letter dated February 12, 2005, replied to the said show cause notice. The applicant also appeared for personal hearing before the Enquiry Officer on March 07, 2005.
3. While further proceedings in the matter were in progress, the applicant, vide application dated April 03, 2009, requested for settlement of the proceedings through a consent order in terms of SEBI circular No.EFD/ED/Cir.01 dated April 20, 2007. It proposed revised terms of consent vide letter dated July 19, 2009. 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. 1,50,000/- (Rupees one lakh fifty thousand only) as settlement charges. SEBI accepted the said terms of settlement and communicated the same to the applicant vide letter dated October 01, 2009.
 4. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has remitted a sum of Rs. 1,50,000/- (Rupees one lakh fifty thousand only) vide demand draft No. 017057 dated October 06, 2009 drawn on Central Bank of India, Mumbai towards the settlement charges.
 5. In view of the above, it is hereby ordered that this consent order disposes of the proceedings under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 against the applicant in the matter.

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; or
 - 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 Ahmedabad Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange India Limited of which the applicant is a Broker/Sub-broker.
8. This consent order is passed on the 30th day of October, 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER