

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

**CONSENT ORDER  
ON THE APPLICATION SUBMITTED BY  
M/s. PREMIER SHARES LIMITED**

**MEMBER: NATIONAL STOCK EXCHANGE OF INDIA LIMITED  
(SEBI REGISTRATION No.INB 230885730)**

**MEMBER: MCX STOCK EXCHANGE LIMITED  
(SEBI REGISTRATION No.INE 260885730)**

**IN THE MATTER OF  
INSPECTION OF BOOKS OF ACCOUNTS AND OTHER RECORDS  
(CONSENT APPLICATION NO.1483/2009)**

1. Securities and Exchange Board of India (for short 'the Board') conducted an inspection of books and records of M/s. Premier Shares Limited (hereinafter referred to as 'the applicant'), a broker (member of NSE and Mcx Stock Exchange Limited), from December 27, 2006 to January 4, 2007 covering the period from April 1, 2004 to January 4, 2007. The inspection found certain irregularities in the conduct of business of the applicant such as dealing with unregistered sub-brokers; failure to segregate clients funds from own funds; mis-utilising clients funds; delaying payment and delivery of shares to clients; delaying issuance of contract notes to clients; inadequately maintaining clients' database; indulging in loan and funding transactions outside the securities business; issuing cheques to clients with insufficient funds; executing large number of cash transactions exceeding prescribed ceiling limits and entering into cash transactions which lacked proper explanation; failing to redress investors' grievances within the prescribed time; failing in appointing a person exclusively as a Compliance Officer and failing to conduct its business with due skill, care and diligence.

2. Based on the deficiencies noted during inspection, a show cause notice (SCN) dated April 28, 2008 was issued by the enquiry officer alleging violation of rules 8(1)(f) & 8(3)(f) of Securities Contracts (Regulations) Rules, 1957, regulations 6A(1)(e), 18A(1), 18B of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as 'Brokers Regulations'), clauses A(1), A(2), A(5), B(1) & B(2) of the Code of Conduct for Stock Brokers as specified in Schedule II read with regulation 7 of Brokers Regulations and various other SEBI circulars. The enquiry officer/designated authority submitted report dated March 3, 2009 to the designated member recommending suspension of certificate of registration of the applicant for a period of six months. Pursuant to the said enquiry report, SCN dated March 12, 2009 bearing number SEBI/ERO/JJ/2009/156776 was caused to be issued to the applicant under regulation 13(2) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 read with regulations 28(1) and 38(2) of SEBI (Intermediaries) Regulations, 2008 to show cause as to why action should not be taken against it as recommended by the designated authority or as considered appropriate by the Board.
3. While the aforesaid proceedings were in progress, the applicant vide application dated July 31, 2009 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. The applicant proposed consent terms vide letter dated September 19, 2010, whereby the applicant undertook to pay ₹ 30,00,000/- (Rupees Thirty Lakh only) towards settlement charges. The said terms proposed was placed before the High Powered Advisory Committee which, after deliberations, recommended the application for settlement. The Board accepted the said recommendation which was communicated to the applicant vide letter dated April 15, 2011.

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 ₹ 30,00,000/- (Rupees Thirty Lakh only) vide Demand Draft No.018461 dated April 25, 2011 payable at Mumbai drawn on HDFC Bank Limited.
5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings initiated against M/s. Premier Shares Limited.
6. This order is without prejudice to the right of the Board to initiate enforcement actions, including commencing or reopening of the proceedings pending against the 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.
7. A copy of this order shall be served on National Stock Exchange of India Limited and MCX Stock Exchange Limited of which the applicant is member.
8. This consent order is passed on this day, the 1<sup>st</sup> of June 2011.

**K. M. ABRAHAM**  
**WHOLE TIME MEMBER**

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**