

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

CONSENT ORDER

**ON THE APPLICATION SUBMITTED BY
HSE SECURITIES LTD.**

**IN THE MATTER OF
ADJUDICATION PROCEEDING AGAINST HSE SECURITIES LTD.**

(CONSENT APPLICATION NO. 984 of 2008)

1. Securities and Exchange Board of India (SEBI) had conducted an inspection of the books of accounts and other records of HSE Securities Ltd. (hereinafter referred to as the applicant), depository participant of National Securities Depository Ltd. (Reg. No. IN-DP-NSDL-228-2002) and Central Depository Services (India) Ltd. (Reg. No. IN-DP-CDSL-447-2008) and also member of National Stock Exchange Ltd. (Reg. No. INB231103038) and Bombay Stock Exchange Ltd. (Reg. No. INB011103034) in October 2006. The inspection, prima facie, revealed that there were several deficiencies in compliance with KYC norms, investor grievance redressal, rejection of demat requests, transfer of securities, etc.
2. While SEBI was contemplating enforcement actions against the applicant, vide letter dated September 5, 2008, requested for settlement of the proceedings through a consent order. The applicant proposed revised terms of consent vide letter dated December 8, 2008. 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. 25,000/- (Rupees twenty five thousand only) as settlement charges and Rs. 5,000 (Rupees five thousand only) as administrative charges. SEBI accepted the said terms of settlement.

3. For the 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. 25,000/- (Rupees twenty five thousand only) vide demand draft No. 310390 dated December 13, 2008 and Rs. 5,000/- (Rupees five thousand only) vide demand draft No. 050763 dated December 15, 2008 drawn on Canara Bank, Mumbai towards the settlement and administrative charges respectively.
4. In view of the above, it is hereby ordered that SEBI shall not take any enforcement action against the applicant for the violations mentioned above.
5. This order is without prejudice to the rights 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.
6. A copy of this order shall be served on National Stock Exchange and Bombay Stock Exchange of which the applicant is a broker and on

Central Depository Services (India) Ltd. and National Securities Depository Ltd. of which the applicant is a depository participant.

7. This consent order is passed on the 2nd day of March, 2009 and shall come into force with immediate effect.

M. S. Sahoo
Whole Time Member

K. M. Abraham
Whole Time Member