

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

SHAH CHIAG KIRTI KUMAR

IN THE MATTER OF

DEALINGS IN FUTURES AND OPTIONS CONTRACTS

(CONSENT APPLICATION NO. 1833/2009)

1. Securities and Exchange Board of India (SEBI) had investigated the alleged irregular transactions in the Futures and Options segment (F&O) of the National Stock Exchange of India (NSE) by certain entities during the period January — March 2007. The investigations, prima facie, revealed that Shah Chirag Kirti Kumar (hereinafter referred to as the ‘applicant’) residing at Aryan Trade, A-7, “A” Wing, I floor, Katira Shoppers City, Bhuj-Kutch, Pin 370 001 (PAN ANXPS3298N) had executed non genuine trade transactions and created false and misleading appearance of trading in the derivatives market. The applicant had also entered into circular transactions to provide a false appearance of trading. It was, therefore, alleged that the applicant had violated Regulation 3 and 4(1) & (2) (a & b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

2. Pursuant to the investigations, SEBI initiated proceedings under sections 11B, 11(4) and 11D of the SEBI Act, 1992 and adjudication proceedings under Chapter VI A of the SEBI Act, 1992 against the applicant. SEBI issued an ad- interim ex parte order dated June 18, 2007 directing the applicant to cease and desist from transacting in futures and options contracts in the manner found irregular. The Adjudicating Officer, SEBI also issued a show cause notice dated October 5, 2007 to the applicant.

3. While the above proceedings were in progress, the applicant vide letter dated Jan 17, 2010 proposed settlement of the pending proceedings through a consent order in

terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicant proposed revised consent terms vide letter dated April 7, 2010. The High Powered Advisory Committee, constituted by SEBI, after deliberations, recommended the case for settlement on payment of 9,00,000 (Rupees nine lakh only) towards settlement charges. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated May 20, 2010

4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs.9,00,000 (Rupees nine lakh only) towards settlement charges vide demand draft No. 029935 dated May 29, 2010 drawn on HDFC Bank, payable at Mumbai.

5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under sections 11 B, 11(4) and 11D of the SEBI Act, 1992 as well as the adjudication proceedings against the applicant in the matter of dealings in futures and options contracts.

6. This order is without prejudice to the right of SEBI to take enforcement action, including reopening of the pending proceedings against the applicant, if:

- a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue;
- b. the applicant breaches any of the consent terms filed in this consent proceeding.

7. This consent order is passed on this day, the 2nd of June, 2010 and shall come into force with immediate effect.

K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER