

**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[CONSENT ORDER NO.CO/IVD/1002/AO/VSS/01/2007]**

**In the matter of M/s Aditya Securities**

1. SEBI conducted an inspection of M/s Aditya Securities (hereinafter referred to as “noticee”) on August 26 and 27, 2004. Pursuant to the inspection, it was found that the noticee acted as an unregistered sub-broker, furnished false information to the inspecting officials and extended margin trading facility to clients in contravention of Section 12 of SEBI Act, 1992, Rule 3 of SEBI (Stock Brokers and Sub Brokers) Rules 1992, Clause D(3) of Code of Conduct for sub brokers and Regulations 15, 21, 26(xiv) and 26(xx) of SEBI (Stock Brokers and Sub brokers) Regulations 1992, Rule 3 of SEBI (Stock Brokers and Sub-brokers) Rules, 1992 and also the provisions of SEBI circulars No. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004 and SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004. Adjudication proceedings were initiated against the noticee to inquire and adjudge under Chapter VI A of the SEBI Act, 1992 and a Show Cause Notice No. EAD/EAD-5/PG/71240/2006 dated July 11, 2006 was issued under Rule 4 of SEBI (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995.
2. The noticee made an application dated June 15, 2007 and an affidavit of “undertakings and waivers” in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20<sup>th</sup> April, 2007 for Consent Order in respect of the aforesaid pending adjudication proceedings. Subsequently, the noticee vide letter dated August 2, 2007 proposed consent terms submitting that they were willing to pay a financial penalty limited to Rs.50,000/- and in no way exceeding Rs.1,00,000. The terms as proposed by the noticee was placed before the High Powered Advisory Committee (HPAC) on August 4, 2007. The HPAC considered the facts and circumstances of the case, consent terms offered by the noticee and the material brought before the committee by SEBI and recommended

that the case may be settled on payment of Rs.1,00,000/- (Rupees one lakh only). The recommendations of the committee were placed before the two whole time members of the Board who have agreed to the terms of consent as recommended by the committee.

3. In pursuance of the aforesaid consent terms, the noticee has remitted a sum of Rs.1,00,000/- (Rupees one lakh only), vide Demand Draft No.003245 dated October 16, 2007 drawn on HDFC Bank, Mumbai, towards the terms of consent in the matter.
4. In view of above, it is hereby ordered that,
  - i) this consent order disposes of the said proceedings pending against the noticee under SEBI Act, 1992 in the matter of M/s Aditya Securities, and
  - ii) passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing / reopening of the pending proceedings against the noticee, if SEBI finds that
    - a. any representation made by the noticee in the consent proceedings is subsequently discovered to be untrue.
    - b. the noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
5. This consent order is passed on the 4<sup>th</sup> December, 2007 and shall come into force with immediate effect.

**V S Sundaresan**  
**Adjudicating Officer**