

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA,  
MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY  
GSB CAPITAL MARKETS LTD.

IN THE MATTER OF INSPECTION OF GSB CAPITAL MARKETS LTD.  
(CONSENT APPLICATION NO. 326 OF 2007.)

1. SEBI had conducted an inspection of the books of accounts and other records during November 2000 - March 2001 of M/s GSB Capital Markets Ltd (hereinafter referred to as "the applicant") having Corporate Office at 78/80, Ali Chambers, Tamarind Lane, Fort, Mumbai- 400001, a stock broker of Bombay Stock Exchange Ltd. with SEBI Registration No. INB010969938. The inspection, *prima facie*, revealed that the applicant failed to segregate client and own bank accounts, evaded margins by underreporting the carry forward position and denied the benefit of best available price to its clients, etc. Therefore, it was alleged that the applicant violated Regulations 6(e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995, Clause A(1) of Code of Conduct as specified in Schedule II read with Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and various circulars issued by SEBI.

2. Pursuant to the inspection, SEBI initiated enquiry proceedings under Section 13(2) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002. Based on the enquiry findings, SEBI issued show cause notice dated November 29, 2004. The Applicant replied to the said show cause notice on December 24, 2004. An opportunity of hearing

was given on November 30, 2006. However, the applicant sought an adjournment.

3. While the above proceedings were in progress, the applicant vide letter dated November 26, 2007, 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. He proposed revised consent terms vide letter dated March 13, 2008. High Powered Advisory Committee constituted by SEBI considered the consent terms proposed by the applicant and recommended the case for settlement. Accordingly, the applicant shall pay Rs.1,00,000/- (Rupees one lakh only) towards settlement charges. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated December 10, 2008.

4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs. 1,00,000/- (Rupees one lakh only) towards settlement charges vide demand draft No.256722 dated December 11, 2008 drawn on Bank of India payable at Mumbai.

5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings pending against the applicant.

6. A copy of this order shall be served on the Bombay Stock Exchange Ltd. of which the applicant is a broker.

7. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against 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.

8. This consent order is passed on this day, the 31<sup>st</sup> day of December, 2008 and shall come into force with immediate effect.

-sd/-

M. S. SAHOO  
WHOLE TIME MEMBER

K. M. ABRAHAM  
WHOLE TIME MEMBER