

**BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI**

Appeal No. 15 of 2009

Date of decision : 7.9.2009

M/s. Kotak Securities Limited
having its registered office at Bakhtawar,
1st floor, 229, Nariman Point,
Mumbai – 400021.

..... Appellant

Versus

The Adjudicating Officer,
Securities and Exchange Board of India
having his office at Mittal court, "B" Wing, First Floor,
224, Nariman Point, Mumbai – 400 021.

..... Respondent

Mr. M.H. Kane, Advocate with Ms. Vanshaja Shukla, Advocate for the Appellant.
Dr. Poornima Advani, Advocate with Ms. Harshada Nagare, Advocate for the
Respondent.

Coram : Justice N.K. Sodhi, Presiding Officer
Samar Ray, Member

Per : Justice N.K. Sodhi, Presiding Officer (Oral)

This appeal under section 15 T of the Securities and Exchange Board of India Act, 1992 has been filed against the order dated December 24, 2008 passed by the adjudicating officer imposing a monetary penalty of Rs. 10 lacs on the appellant for violating Regulations 41, 42(1) and 54(4) of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

The appellant is a stock broker and the adjudicating officer found that beneficiary accounts had been opened by it without entering into agreements with the clients and that no stamped agreements were attached to the account opening applications. Certain discrepancies were noticed in the account opening applications in as much as the signatures of the verifying officer were not found and certified copies of the identity and

address proof of the clients had not been obtained. The photographs of the clients were stapled and not pasted on the applications and the agreements were not properly stamped. It was for these irregularities that the aforesaid monetary penalty has been imposed. During the pendency of the appeal, the appellant filed an application for a consent order before the respondent Board. This application was processed by the internal committee and then placed before the High Powered Committee set up for the purpose. The terms / revised terms as proposed by the appellant were considered by the High Powered Committee which approved the same. Without admitting any guilt in regard to any of the charges levelled in the show cause notice, the appellant undertook to pay a sum of Rs. 12 lacs as settlement charges and another sum of Rs. 25,000/- towards legal expenses. The matter was then placed before two whole time members of the Board who also gave their approval to the proposed terms subject to the approval being granted by this Tribunal. An application has now been filed seeking approval of this Tribunal to the proposed terms which have been accepted by the High Powered Committee and also by the respondent Board.

We heard the learned counsel for the parties and having regard to the nature of the charges established against the appellant, we are of the view that the ends of justice would be adequately met if the proposed terms are accepted and the impugned order modified in terms thereof. We order accordingly.

The appeal stands disposed off as above with no order as to costs.

Justice N.K. Sodhi
Presiding Officer

Samar Ray
Member

7.9.2009

Prepared and compared by :
msb/-