

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

ASHIKA STOCK BROKING LTD.

IN THE MATTER OF

DEALING IN FUTURES AND OPTIONS CONTRACTS

(CONSENT APPLICATION No.332/2007)

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged irregularities in dealings in the Futures and Options (F&O) segment of the National Stock Exchange of India Limited (NSE) for the period January – March 2007. The investigations, prima facie, revealed that Ashika Stock Broking Ltd. (herein referred to as “applicant”) bought and sold equal quantities of option contracts intra day in synchronization with others and thereby created false and misleading appearance of trading in the derivatives market. It was, therefore, alleged that the applicant violated Regulation 3(a) to (c) and 4(1) & (2) (a & b) of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the code of conduct under Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.
2. Pursuant to the said investigations, SEBI initiated proceedings under sections 11B, 11(4) and 11D of the SEBI Act, 1992 and adjudication 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 indulging in futures and options contracts in the

manner found irregular. The Adjudicating Officer issued a show cause notice dated October 5, 2007 to the applicant.

3. While further proceedings in the matter were in progress, the applicant vide letter dated December 3, 2007, 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. It proposed revised term vide letter dated July 16, 2008. The High Powered Advisory Committee appointed by SEBI, after deliberations, recommended the case for settlement on payment of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges keeping in view the fact that the applicant had already undergone cease and desist order since June 18, 2007. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated December 1, 2008.
4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges vide demand draft No.008560 dated December 11, 2008 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 11B, 11(4) and 11D of the SEBI Act, 1992 as well as the adjudication proceedings against the applicant.
6. This order is without prejudice to the right of SEBI to take enforcement action, including commencing/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 clauses / conditions of undertakings / waivers filed during the current consent proceeding.
7. A copy of this order shall be served on NSE and BSE of which the applicant is a broker and on CDSL of which the applicant is a depository participant.
8. This consent order is passed on this day, the 22 December, 2008 and shall come into force with immediate effect.

M. S. Sahoo
Whole Time Member

K. M. Abraham
Whole Time Member