

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

M/S. PSJ SECURITIES PRIVATE LIMITED

IN THE MATTER OF

DEALING IN FUTURES AND OPTIONS CONTRACTS

CONSENT APPLICATION N .

1. Securities and Exchange Board of India (SEBI) had investigated the alleged irregularities in trading of the Futures and Options Segment (F&O) of the National Stock Exchange of India Limited (NSE) for the period January - March 2007. The investigations, *prima facie*, revealed that M/s. PSJ Securities Private Limited, a trading member of NSE, (hereinafter referred to as 'applicant') was buying and selling equal quantities of option contracts intra day to synchronize with trades of other trading members. Thus, the applicant violated Regulation 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 1992 and Regulation 7 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.
2. Pursuant to the investigations, SEBI initiated proceedings under Section 11B and 11D of the SEBI Act, 1992 and adjudication under Chapter VI of the Act, against the applicant and issued an interim cease and desist Order dated June 18, 2007. The Adjudicating Officer issued a show cause notice to the applicant on October 05, 2007.
3. While further proceedings in the matter were in progress, the applicant, vide letter dated October 31, 2007, proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/Cir-1/2007 dated April 20, 2007. High Powered Advisory Committee

- appointed by SEBI, considered the consent terms and after deliberations, recommended the case for settlement. As per the terms of settlement, the applicant shall pay Rs.4,00,000/- (Rupees four lakh only) towards settlement charges. SEBI accepted the said terms of settlement and communicated the same to the applicant vide letter dated July 30, 2008.
4. Accordingly, the applicant has, without admitting or denying the charges, remitted a sum of Rs.4,00,000/- (Rupees four lakh only) vide demand draft No. 254815 dated August 08, 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 11B and 11D proceedings pending before SEBI against the applicant. The Adjudicating Officer shall pass a separate order disposing of the adjudication proceedings.
  6. This order is without prejudice to the right of SEBI to take enforcement actions including commencing / reopening of the proceedings pending 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 or undertakings filed in this consent proceedings.
  7. This consent order is passed on this day, the 30<sup>th</sup> September, 2008 and shall come into force with immediate effect.

**Dr. T. C. Nair**  
**le Time Member**

**M. S. Sa**

**le Time Member**

**CONSENT ORDER IN THE ADJUDICATION PROCEEDINGS AGAINST PSJ SECURITIES PVT. LTD. IN THE MATTER OF IRREGULARITIES RELATING TO DEALINGS IN THE FUTURES AND OPTIONS CONTRACTS.**

1. Securities and Exchange Board of India (hereinafter referred to as %SEBI+) vide order dated August 03, 2007 initiated adjudication proceedings against PSJ Securities Pvt. Ltd. (hereinafter referred to as %applicant+). I was appointed as adjudicating Officer to inquire into and adjudge under Section 15 I(2) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as %SEBI Act+), the violations alleged to have been committed by applicant.
2. SEBI conducted an examination into the dealings in the futures and options segment of NSE, during the period January to March 2007. It was alleged on the basis of the findings of the examination report that, during the said period, the applicant had executed non genuine transactions in collusion with certain clients and brokers in the futures and options segment of NSE.
3. In response to the Show Cause Notice A&E/BS/105444/2007 dated October 05, 2007 issued in the adjudication proceedings, the applicant filed a reply dated October 22, 2007. Subsequently, the applicant has made an application dated October 31, 2007 along with an affidavit of %undertakings / waivers+ in the matter in terms of SEBI Circular no. EFD/Cir-1/2007 dated April 20, 2007.
4. The consent terms proposed by the applicant were placed before the High Powered Advisory Committee (hereinafter referred to as %HPAC+) and the HPAC, after deliberation, recommended the case for settlement on payment of Rupees Four Lakh (Rs. 4,00,000/- ) towards settlement charges.
5. In terms of the applicant's proposal, for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant to any finding of fact or conclusion of law, the applicant has remitted the said sum towards the terms of consent in the matter of proceedings before SEBI under Section 11B, 11(4), 11D of the Securities and Exchange Board of India Act, 1992, and also in respect of the present adjudication proceedings. SEBI vide order dated September 30, 2008 disposed of the proceedings before SEBI under Section 11B, 11(4), 11D of the Securities and Exchange Board of India Act, 1992 against the

applicant. Pursuant to the same, this order is being issued in the adjudication proceedings initiated against the applicant vide show cause notice no A&E/BS/105445/2007 dated October 05, 2007

6. In view of the above, it is hereby ordered that:
- (i) this consent order disposes of the present adjudication proceedings initiated vide Show Cause Notice A&E/BS/105444/2007 dated October 05, 2007 against the applicant.
  - (ii) passing of 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 SEBI finds that:
    - a. any representations made by the applicant in the consent proceedings are subsequently discovered to be untrue.
    - b. the applicant has breached any of the clauses /conditions of undertakings/waivers filed during the current consent proceedings.
7. This consent order is passed on this 14<sup>th</sup> day of October, 2008 and shall come into force with immediate effect.

**Biju. S**

**Place: Mumbai**

**Adjudicating Officer**