

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI**

**CONSENT ORDER**

ON THE APPLICATION SUBMITTED BY

**SMC GLOBAL SECURITIES LTD**

IN THE MATTER OF

DEALINGS IN FUTURES AND OPTIONS CONTRACTS

**(CONSENT APPLICATION No. 288/2007)**

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 SMC Global Securities Ltd. trading member of NSE with SEBI Reg. No. INB/INF 230771431 (hereinafter referred to as applicant) was buying and selling equal quantities of option contracts intra day in the futures and options segment in synchronization with other trading members 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 (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 2003 and Regulation 7 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.

2. Pursuant to the investigations, SEBI initiated proceedings under Section 11B, 11(4) and 11D of the SEBI Act, 1992 and adjudication proceedings under Chapter VI of the SEBI Act, 1992 against the applicant. SEBI issued ad

interim ex parte order dated June 18, 2007, directing the applicant to cease and desist from indulging in dealing in futures and options in an irregular manner. The applicant vide letter dated June 30, 2007 filed submissions pursuant to the said interim order. The adjudicating officer issued a show cause notice dated October 05, 2007.

3. While further proceedings in the matter were in progress, the applicant, vide letters dated November 8, 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 consent terms vide letter dated August 20, 2008.

4. The High Powered Advisory Committee constituted by SEBI considered the consent terms proposed by the applicant and after taking into account the prohibition already suffered by the applicant, recommended the case for settlement on payment of Rs. Rs. 6,00,000/- (Rupees six lakh only) towards settlement charges. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated December 12, 2008.

5. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs.6,00,000/- (Rupees six lakh only) towards settlement charges vide demand draft No. 043884 dated December 16, 2008 drawn on HDFC Bank payable at Mumbai.

6. In view of the above, it is hereby ordered that this consent order disposes of the said proceedings under section 11B and adjudication proceedings pending against the applicant in the matter of dealings in Futures and Options contracts and revokes the interim order dated June 18, 2007 as against the applicant.

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. A copy of this order shall be served on National Stock Exchange of India Limited of which the applicant is a trading member.

9. This consent order is passed on this day, the 16<sup>th</sup> of February 2009 and shall come into force with immediate effect.

M. S. SAHOO  
WHOLE TIME MEMBER

K. M ABRAHAM  
WHOLE TIME MEMBER