

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: M.S. SAHOO, WHOLE TIME MEMBER**

IN THE MATTER OF ILLEGAL TRADING – DEALINGS BY MR. BHADRESH SANGHVI, SUB-BROKER, SEBI REGN. No. INS235801011 (TRADE NAME: ARIHANT INVESTMENT) AFFILIATED TO M/s. ANAND RATHI SHARE AND STOCK BROKERS LIMITED, MEMBER OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Date of Hearing: August 24, 2010

Appearances:

For Noticee: Mr. Bhadresh Sanghvi

For SEBI: Mr. V. S. Sundaresan, Chief General Manager
Ms. Kshama Wagherkar, Asstt. Legal Adviser, and
Mr. Anjan Patel, Manager.

ORDER

UNDER SECTION 11(4) READ WITH SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND REGULATION 35 OF THE SEBI (INTERMEDIARIES) REGULATIONS, 2008

1. Vide an ad interim *ex-parte* Order dated December 21, 2009, SEBI had issued the following directions:

- “(a) That the sub-broker, Shri Bhadresh Sanghvi (Trade Name: Arihant Investment), (PAN No. AXDPS8704K), SEBI Registration No. INS235801011 is restrained from buying, selling or dealing in the securities market in any manner whatsoever or accessing the securities market, directly or indirectly, either for himself or for his clients.
- (b) That the depositories, National Securities Depository Ltd. and Central Depository Services (India) Ltd. shall not give effect to any debit instruction in demat accounts of the sub broker (Shri Bhadresh Sanghvi or Arihant Investment) or in the demat accounts of any beneficial owner on the authority of power of attorney obtained by the sub-broker.”

2. The said Order itself was a show cause notice (SCN), which provided Mr. Bhadresh Sanghvi (Trade Name: Arihant Investment) (hereinafter referred to as ‘noticee’) an opportunity to file objections, if any, within 15 days. It also provided the noticee an opportunity to inspect the relevant documents as well as an opportunity of personal hearing.

3. The noticee did not reply to the SCN. Nor did he avail the opportunity of inspection. He, however, availed the opportunity of personal hearing on August 24, 2010.

4. The SCN alleged that the noticee:
 - a) did not co-operate with the inspection team of NSE and BSE;
 - b) executed trades outside the stock exchanges;
 - c) issued contract notes in a format different from that prescribed by the exchanges and without signature of trading member / authorised signatory;
 - d) displayed misleading sign board and did not display the SEBI registration certificate;
 - e) operated IML terminal of BSE without having the required certification; and
 - f) dealt with another broker for his own trades without prior permission of the exchange.

5. At the hearing, the noticee denied all the above allegations against him. However, he did not produce any documents or advance any defence argument to refute the allegations. As regards the allegation at 5 (e) above, he stated that he had BSE certification at the relevant time, though he was not authorized to operate the IML terminal.

6. The noticee has merely denied the allegations. I, however, find that the allegations are substantiated by the report of the joint inspection of NSE and BSE. In view of this, I, in exercise of the powers conferred upon me under Section 19, read with Sections 11(4) and 11B of the SEBI Act, 1992 and Regulation 35 of the SEBI (Intermediaries) Regulations, 2008, I hereby confirm the directions contained in Para 5 of the ad interim ex-parte Order dated December 21, 2009. I note that SEBI has ordered an inspection of books and records of the noticee in this regard. This Order is subject to the outcome of the inspection being carried out by SEBI.

7. A copy of this Order shall be served on NSE, BSE, NSDL, CDSL and Anand Rathi Share and Stock Brokers Limited for appropriate action.

PLACE: Mumbai
DATE: August 30, 2010

M. S. SAHOO
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA