

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. ID1/EAL /AO/DRK-VB/EAD3-716/41-2015]**

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**UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995**

In respect of:  
**Crosseas Capital Services Pvt. Ltd.**  
**Stock Broker: BSE & NSE**  
**[SEBI Registration No : INB011229532, INB231229536]**  
**1303, 13th Floor, Lodha Supremus,**  
**Dr. E. Moses Road, Worli Naka, Worli,**  
**Mumbai 400 018**

In the matter of Ess Dee Aluminum Ltd

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**FACTS OF THE CASE IN BRIEF**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into the trading in the scrip of Ess Dee Aluminium Ltd. (hereinafter referred to as '**EAL**') on BSE Limited (hereinafter referred to as '**BSE**') and National Stock Exchange of India Ltd (hereinafter referred to as '**NSE**') during the period September 01, 2012 to June 30, 2013 (hereinafter referred to as '**Investigation Period**'). It is noted from the findings of the investigation report (hereinafter referred to as '**IR**') that the scrip of EAL rose from ₹ 116.85 to a high of ₹ 617 and closed at ₹ 507.75 during the Investigation period.

**APPOINTMENT OF ADJUDICATING OFFICER**

2. I was appointed as Adjudicating Officer(hereinafter referred to as '**AO**') and the same was communicated vide proceedings of the Whole Time Member appointing Adjudicating Officer dated February 05,2014 under section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by

Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules**'), to inquire into and adjudge under Sections 15HA and 15HB of the SEBI Act, the violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") and Clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as '**Stock Brokers Regulations**') alleged to have been committed by Crosseas Capital Services Pvt. Ltd. (hereinafter referred to as '**noticee**').

### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. A Show Cause Notice no. A&E/EAD-3/DRK-DS/7819/2014 dated March 12, 2014 (hereinafter referred to as '**SCN**') was served on the noticee by "Hand Delivery Acknowledgement Due"(hereinafter referred to as '**HDAD**') in terms of the provisions of Rule 4 of the Rules, requiring the noticee to show cause as to why an inquiry should not be held against the noticee and why penalty, if any, should not be imposed on it under Sections 15HA and 15HB of the SEBI Act for the alleged violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations and Clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the Stock Brokers Regulations.
  
4. It was alleged in the SCN that the noticee had executed self trades on its own account (proprietary trades) during the investigation period leading to false and misleading appearance of trading of the scrip. The details of the self trades executed by the noticee are as follows :

<b>Name of the entity</b>	<b>Exchange</b>	<b>Stock Broker on both Buy and Sell Side</b>	<b>Total Self Trade Volume</b>	<b>No. of self trades</b>	<b>No. of self trades from the same terminal</b>	<b>No. of days on which self trades done</b>	<b>% of Self Traded Quantity to market Volume</b>	<b>Net LTP contribution by self trades</b>
Crosseas Capital Services Pvt. Ltd.	BSE	Crosseas Capital Services Pvt. Ltd.	78,927	6,051	29	121	0.53	-31.6
Crosseas Capital Services Pvt. Ltd.	NSE	Crosseas Capital Services	38,229	2,985	271	106	0.10	12.85

		Pvt. Ltd.						
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5. It is further observed that the noticee as a stock broker had the highest contribution of 8.26% in gross buy and 8.26% in gross sell at BSE whereas at NSE the noticee had contributed 3.45% in gross buy and 3.45% in gross sell. Further, it is also observed that the proprietary trades of the noticee had contributed to the pro-trading concentration to the total market volume in the following manner:

Sr. No.	Exchange	No. of shares buy/ sell	Pro-trading concentration to the total market volume (in %)
1.	BSE	12,27,009 (buy)	8.26
2.	BSE	12,27,431 (sell)	8.26
3.	NSE	12,33,381 (buy)	3.38
4.	NSE	12,33,564 (sell)	3.38

6. Along with the SCN, the noticee was provided with physical copy of the trade log. The SCN stated that the reply shall reach within 15 days from date of receipt of the notice, failing which it shall be presumed that the noticee has no reply to submit and the matter shall be proceeded on the basis of material available on record.
7. Vide telecon dated March 19, 2014, the noticee requested for the soft copy of the trade log. Further, vide letter dated March 25, 2014, noticee sought two weeks time to file reply to the SCN. Subsequently, vide letter dated March 25, 2014, the noticee was granted 15 days time to file reply. Further vide email dated March 25, 2014, the noticee was provided with the soft copy of the trade log.
8. The noticee vide letter dated April 05, 2014 replied to the SCN and its submissions are summarised as given below:
- a) Noticee had developed an 'in house' automated trading system called "Crossfire" for carrying on "Algo/Automated Trading" in the stock market with a strategy name called "Ultra High Frequency Trading – (UHFT)". The said Algo Trading System was earlier approved by the NSE in February 2010. (The Noticee clarifies that there is no approval mechanism for carrying on Algo Trading in BSE Exchange). Since the Noticee had developed a new "Crossfire V1.1: Decision Support and Algorithmic Trading Software (for

proprietary trading only)” to incorporate Tick by Tick data feed, the Noticee had applied for the necessary approval to NSE CTCL department on 14<sup>th</sup> June 2011 alongwith the system document which was received by NSE on 15th June 2011.

- b) The Noticee submits that only after receiving relevant approvals from NSE and deemed approval from BSE has it been trading on the exchanges by deploying algo trading systems/servers. It may be mentioned that the algo trading system software has been used most diligently as per the approved norms of NSE / BSE and there have been no penal actions or any infirmities found by NSE / BSE officials till date.
- c) The noticee submits that the entire trading activity of the Noticee in Ess Dee during the investigation period was carried on proprietary account via the approved algo trading software and no manual order punching was undertaken by any dealer.
- d) The noticee submits that the learned AO has provided subsequently the details through email dated March 25, 2014 indicating the trade log, order logs of trades including the so called self trades. The Noticee has perused the details provided through email and it is observed that the learned AO has identified self trades on NSE by way of tagging of trades to the member code, and further to 5 digit User Id/User Name. The noticee hereby clarifies that the User Ids identified by the learned AO are in fact Algo CTCL ids (servers), each of which run the approved algo trading software, each of which is then mapped to multiple trader ids, each of whom trade independently of each other. The final trader Id may be identified only by the 12 Digit Term CTCL Ids which is tagged to each order/trade confirmation. The same applies to BSE.
- e) The notice submits that when analyzed at the 12 digit Term CTCL Id level, which is the actual trader level, the total number of internally matched trades is actually minimal, actually a quantity of only 2400 on NSE and 235 on the BSE in a 10 month period.
- f) The internal matching has happened on account of the latency factor in the system of Algo Trading in which system places orders of less than or equal to 1000 shares at Ultra High Frequency and there is at time latency on account of lease line distance, drop of packets in the leased lines, due to which some of the trades may have matched internally as the buy/sell orders are placed at ultra High Frequency and automatically. Thirdly, the Noticee submits that

as all trades including internally matched trades have been as a result of ultra high frequency trading using the approved Algo Trading Software, the inference of the AO that such trades have been executed with the full knowledge of the noticee is incorrect in the case of this noticee.

- g) Fourthly, the Noticee submits that the allegation of having indulged to create false or misleading appearance in trading in the securities market is incorrect. Since the transactions carried out by the Noticee are proprietary dealings/transactions using the Algo Trading System without manual intervention and it is impossible to place manual orders of large quantity of shares in a day @ quantity of 1000 or less per order for carrying on jobbing transactions.
- h) Noticee submitted that while carrying of Algo trading in the scrip Ess Dee, the Noticee made a profit of only ₹1,77,416 after having a gross turnover of ₹206.45 Cr (buy/sell) in value terms during the investigation period i.e. September 1, 2012 to 30<sup>th</sup> June 2013. This results in a gross profit, before costs of only 21 paise per share.
- i) Further, the Noticee clarifies that due to the self imposed trading norms placed by the respective users in the software, orders for Ess Dee on any given day were of quantity less than or equal to 1000 shares. Only after the fill of an order, would the Algo System place a new order of less than or equal to 1000 shares. Depending on the total market liquidity, the Algo System can conduct many rounds of such orders/trades. Hence, the volumes appear to be large on a given day. Further, all the orders are automated and no orders are placed manually as the Algo System Software automatically places the orders in not one but several scrips, which may be Simultaneously traded on a daily basis and the trading is proprietary in nature. Hence, the averment about the volume of shares as alleged in SCN does not have much bearing.
- j) The noticee has quoted various judgments including AO Order dated November 27,2013 in the matter Servalakshmi Papers Limited

9. As requested, vide hearing notice dated May 08, 2014, the noticee was granted an opportunity of personal hearing on May 19, 2014 at SEBI Bhavan, Mumbai. The said hearing notice was sent through HDAD and was served on the noticee.

10. In response to the same, Noticee, vide letter dated May 09, 2014 sought adjournment of the hearing on account of non-availability of its Director Shri. Rajesh Baheti. Subsequently vide final hearing notice dated May 15, 2014, the noticee was granted a final opportunity of personal hearing on June 25, 2014 at SEBI Bhavan, Mumbai.

11. Vide letter dated June 18, 2014, the noticee authorised Shri Rajesh Baheti, Director of the noticee and Shri. Ravi Varanasi, Advocate as Authorised Representatives (hereinafter referred to as '**ARs**') to attend the said hearing. ARs of the noticee appeared for the hearing and made the following submissions:

- a) ARs have reiterated the submissions made vide reply dated April 05, 2014.
- b) The noticee made a meager profit of ₹ 1,77,416 after having a gross turnover of ₹ 206.45 Crores during the investigation period.
- c) The noticee had carried out high frequency trading without any manual intervention.
- d) ARs have undertaken to submit additional reply explaining the automated trading system used by the noticee, within 10 days.

12. Subsequently, the ARs made the following additional submissions:

- a) That the orders are placed for proprietary trading and in proprietary trading, the Exchanges register the User Id/Terminal Ids to each dealer as applicable to the investor/clients UCC registration or Unique Client registration process. Therefore, the identification of the Self Trades, if any, has to be at the Terminal Id level and not at the Member CTCL CODE level as the same is the SERVER linked to the NSE/BSE NEAT/BOLT systems where the orders are matched and converted in to trades.
- b) Further, it is submitted that in case where a particular member has a large brokerage business spread across multiple clients, each of whom have a unique client code (UCC), SEBI recognizes "SELF" trades only at the client code (UCC) level and not at the member code level. This is so distinct clients may co-incidentally match the trade at the same broker, based on individual and independent trading ideas and orders.
- c) On the other hand, members whose business is primarily proprietary trading, employ a large number of traders, who also trade with individual and independent trading ideas, At the member level though, all the trades

of every trader are executed under the members "pro" code only as the member is not permitted to allot multiple codes to itself. To overcome the issue of trade identification, SEBI and the respective exchange have assigned each trader with a unique user/trader Id which is the Term CTCL Id. This Id is unique for each trader, just like the UCC allocated to an Investor/Client. As each of the traders are independently setting trading parameters, it is entirely possible that trades emanating from these unique term CTCL ids may match as "SELF" trades. Therefore in case of pro account trades, the equivalent of the UCC is the Unique Term CTCL Id and any determination of "SELF" trades ought to be done at this level and not at the member level, as is rightly done in the case of UCC.

- d) Therefore, the correct logic for identifying the "SELF" trades in proprietary trading would be the USER ID/Terminal Id of dealers where the orders are placed and not the Member Code provided by the Exchange NSE/BSE. Based on this explanation, and as per the data already submitted, the number of "SELF" trades in Ess Dee Aluminium Ltd was a mere 2400 Qty in NSE and 235 Qty in BSE for the 10 month period under investigation, which is extremely insignificant. Detailed trade log and explanations have already been submitted in our earlier reply, and also explained to the Learned Adjudication Officer during the personal hearing.

### **CONSIDERATION OF EVIDENCE AND FINDINGS**

13. I have taken into consideration the facts and circumstances of the case and the material made available on record.

14. Before moving forward with allegations and reply of the noticee, I would like to quote the Orders of the Hon'ble Securities Appellate Tribunal (SAT) with respect to 'self trades' wherein it was held as follows :

i. **Order dated June 16, 2011 in the matter of Chirag Tanna Vs The Adjudicating Officer**

Self trades have been defined by the Hon'ble SAT as

*"...trades in which both the buyer and the seller are the same entity."*

Further in the same order, Hon'ble SAT also held that:

*"..we have on record the trade and order logs from which it has been pointed out by the learned counsel for the respondent Board*

*that the appellant had executed self trades i.e. trades in which he was both the buyer and the seller. Such trades are, admittedly, fictitious and create artificial volumes in the traded scrip..”*

ii. **Order dated May 04, 2007 in the matter of Triumph International Finance Ltd Vs. SEBI**

*“..The buyer and the seller were also the same. It is obvious that these trades were fictitious to which the appellant was a party. They were fictitious because the buyer and the seller were the same..”*

iii. **Order dated 23.4.2012 in Appeal no. 21 of 2012 - Systematix Shares & Stocks (India) Limited vs. SEBI :**

*".... It has been held in several cases by this Tribunal that self trades are fictitious and reprehensible. Trades, where beneficial ownership is not transferred, are admittedly manipulative in nature. ...."*

iv. **Order dated 03.12.2012 in Appeal No. 211 of 2012 - Anita Dalal vs. SEBI :**

*"..... The appellant has been found guilty of self trade as well. Self trades admittedly are illegal. This Tribunal has held in several cases that self trades call for punitive action since they are illegal in nature. In M/s. Jayantilal Khandwala & Sons Pvt. Ltd. vs. Securities and Exchange Board of India (Appeal no. 24 of 2011 decided on June 8, 2011) this Tribunal has held that “one cannot buy and sell shares from himself. Such transactions are obviously fictitious and meant only to create false volumes on the trading screen of the exchange”.*

v. **Order dated May 11,2012 in the matter of H.J. Securities Pvt. Ltd v. SEBI**

*“.... Appellants are free to adopt any business model, but has to ensure that whatever model is adopted, is in conformity with regulatory framework”.*

15. From the above cited orders of the Hon'ble SAT, I also note that -

- a) Self Trades are trades where beneficial ownership is not transferred;
- b) Self trades are fictitious and reprehensible;
- c) Trades where beneficial ownership is not transferred, are manipulative in nature;
- d) Self trades create artificial volume in the market;
- e) Whatever be the business model, it should ensure that such model complies with the regulatory framework.

16. The investigation report observed that the noticee had executed self trades on its own account (proprietary trades) during the investigation period leading to false and misleading appearance of trading of the scrip of the EAL, hence violating Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and

4(2)(g) of PFUTP Regulations and Clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the Stock Brokers Regulations.

17. The Noticee has submitted that it is a registered intermediary carrying out the business of stock broking and is involved in proprietary trading. The noticee also submitted that it has multiple CTCL ids and that if the self trades are counted and examined at the 12 Digit Term CTCL id level then the number of internal matching is very miniscule i.e. 2400 shares in NSE and 235 shares in BSE which is much lower than the number alleged in the SCN. It may be noted that these different CTCL ids belong to the same Stock Broker / legal entity i.e., noticee, therefore, matching of trades amongst them will have to be considered as a 'self trade'. The submission of the noticee that self trades from same CTCL id level is miniscule does not carry much weight at member level as 78,927 shares at BSE and 38,229 shares at NSE did not change hands during the trades and there is no change in the beneficial ownership of these shares. In view of the above observations, the manner of computation of quantum of self trades as submitted by the noticee is not acceptable.

18. Further, the argument of the noticee that final trader id may be identified by CTCL id is not the right interpretation and the self trades at the member level has to be considered because the UCC for each client is different in case of trading for clients whereas in the case of proprietary trading the trades are executed in member's 'PRO' code irrespective of number of dealers / traders employed to execute the proprietary trading.

19. Further, it is submitted by the Noticee that all trades including internally matched trades have been a result of strategy namely "Ultra High Frequency Trading" using the approved Algo Trading Software without any manual intervention. In this context, I would like to quote the Order of Whole Time Member, SEBI dated November 13, 2014 against the noticee in the matter of Bharatiya Global Infomedia Limited wherein he has held as follows

*In terms of SEBI Circular dated March 30, 2012, Algorithmic trading is defined as follows: "Algorithmic Trading – Any order that is generated using automated execution logic shall be known as algorithmic trading."*

*The difference between a manual trading and algo trading is that in manual trading, orders are placed by dealers/investors who are natural*

*persons, whereas in algo trading the orders are generated using pre-programmed computer software systems. However, all the regulations and prohibitions that govern order placement through manual means would equally apply to algo trading also. Vide the above SEBI Circulars, additional conditions have been imposed with respect to algo trading.*

*General prohibitions are specified under the PFUTP Regulations with respect to placement of orders which result in fraudulent and unfair trades, artificial trades including self trades, synchronised trades and structured trades. Such prohibitions would also apply to orders emanating through algo trading systems.*

From the above, it is clear that the PFUTP Regulations would apply to orders resulting in self trades irrespective of whether the trade is executed by manual trading or algorithmic trading.

20. In the instant case, the total self traded volume is 78,927 shares at BSE and 38,229 shares at NSE which is very high. Further, out of around 206 trading days during the entire investigation period, the number of days on which the noticee executed self trades at BSE & NSE was 121 days and 106 days respectively which accounted for approximately 58.73% & 51.45% of the total trading days during the investigation period. The number of instances of self trades executed by the Noticee is extremely high i.e. 6,051 trades at BSE and 2,985 trades at NSE which is not miniscule by any stretch of imagination as contended by noticee.

21. With respect to the submission of the noticee quoting various judgments, it is noted that most of them deal with law of evidence and rules of interpretation and is not directly related with the matter at hand. Further, with respect to submission of the noticee quoting the AO Order in the matter Servalakshmi Papers Limited it is noted that a similar Order in the matter of Bharatiya Global Infomedia Limited was examined by Whole Time Member, SEBI and vide Order dated November 13,2014 the quantum of penalty was enhanced.

22. In my opinion, a registered intermediary such as the noticee should have appropriate systems to ensure that unfair market practices like self trades / fictitious trades in such high volumes should not take place from its own terminals. Irrespective of business model or trading strategies employed by the noticee, the Algo trading software used by the noticee should have appropriate checks and balances and has to be within the regulatory

parameters to ensure that it complies with the full regulatory framework, including not resulting into/ avoidance of self trades as discussed in prepages. It may also be added that the activities that are prohibited should be avoided. The same has also been emphasised by the Hon'ble SAT in the case of H.J. Securities Pvt. Ltd. As a stock broker, the noticee has a duty to preserve the integrity and equilibrium of the securities market.

23. The noticee has also submitted that the AO has drawn the inference that the trades have been executed with the full knowledge of the noticee is incorrect. From the SCN, it is seen that no such inferences was drawn by AO as contended by the noticee.

24. Therefore, in the light of above discussions, it can be concluded that the self trades executed by Noticee in such high volume on numerous instances has created artificial volume in the scrip resulting in false and misleading appearance of trading in the scrip and thereby violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations. The text of the aforesaid provisions is reproduced below:

➤ **PFUTP Regulations**

**3. Prohibition of certain dealings in securities**

*No person shall directly or indirectly—*

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

**4. Prohibition of manipulative, fraudulent and unfair trade practices**

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

*(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*

*(a) indulging in an act which creates false or misleading appearance of trading in the securities market;*

...

*(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

25. The said violations attract penalty under under Section 15HA. The text of the said provision is reproduced below :

***"Penalty for fraudulent and unfair trade practices.***

*15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

26. In view of the aforesaid conclusion arrived at, it can be further held that the noticee has failed to adhere to the Code of Conduct prescribed for Stock brokers and has violated Clause A(2) of the Code of Conduct for Stock Brokers Regulations. The text of the said provision is as follows:

➤ **Stock Brokers Regulations**

***Stock brokers to abide by Code of Conduct.***

*7. The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule II.*

**Schedule II: Code of Conduct**

***A. General.***

*(2) Exercise of due skill and care : A stock-broker shall act with due skill, care and diligence in the conduct of all his business.*

27. The said violation attracts penalty under Section 15HB of the SEBI Act. The text of the said provisions is reproduced below :

***Penalty for contravention where no separate penalty has been provided.***

*15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees."*

28. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely;
- a. *the amount of disproportionate gain or unfair advantage wherever quantifiable, made as a result of the default;*
  - b. *the amount of loss caused to an investor or group of investors as a result of the default;*
  - c. *the repetitive nature of the default.*

29. With regard to the above factors to be considered while determining the quantum of penalty, it is noted that the disproportionate gain or unfair advantage made by the noticee or loss caused to the investors as a result of default of this nature is not available on record. Further, it may also be added that it is difficult to quantify the unfair advantage made by the noticee or the loss caused to the investors in a default of this nature.

30. Having considered the facts and circumstances of the case, submissions made by the noticee and after taking into account the factors under Section 15J of the SEBI Act, 1992, I find that a penalty of ₹ 20,00,000 /- (Rupees Twenty Lakhs only) on the Noticee for violation of PFUTP Regulations and also a penalty of ₹ 5,00,000/- (Rupees Five Lakhs only) for failure to comply with Stock Brokers Regulations would be commensurate with the violations committed by the noticee in terms of the provisions of Sections 15HA and 15HB of the Securities and Exchange Board of India Act, 1992.

**ORDER**

31. In exercise of the powers conferred under Section 15 I of the Securities and Exchange Board of India Act, 1992, and Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby, impose a consolidated penalty of ₹ 25,00,000 [Rupees Twenty Five Lakhs only] on Crosseas Capital Services Pvt. Ltd [SEBI Registration No : INB011229532, INB231229536]

in terms of the provisions of Sections 15HA and 15HB of the Securities and Exchange Board of India Act, 1992 for the violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and Clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations by the noticee.

32. The penalty shall be paid by way of Demand Draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to the Chief General Manager, Enforcement Department, Securities and Exchange Board of India, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

33. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this order are being sent to Crosseas Capital Services Pvt. Ltd. having office at 1303, 13th Floor, Lodha Supremus, Dr. E. Moses Road, Worli Naka, Worli, Mumbai 400 018 and also to the Securities and Exchange Board of India, Mumbai.

**Place: Mumbai**

**Date: March 27, 2015**

**D. RAVI KUMAR  
CHIEF GENERAL MANAGER &  
ADJUDICATING OFFICER**