

WTM/AB/MIRSD/DoR/22/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

ORDER UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 30A OF SEBI (INTERMEDIARIES) REGULATIONS, 2008

Noticee No.	Name of Noticees	PAN
1.	Conard Securities Private Limited (INZ000218639)	AAHCC3679D
2.	Anee Securities Private Limited (INZ000209430)	AAMCA2521M
3.	KSBL Securities Limited (INZ000104638)	AAACK0784G
4.	Credential Stock Brokers Limited (INB230903331)	AABCC1868L

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1. Conard Securities Private Limited (INZ000218639), Anee Securities Private Limited (INZ000209430), KSBL Securities Limited (INZ000104638) and Credential Stock Brokers Limited (INB230903331) (hereinafter referred to as “**Noticees**”), are Stock Brokers registered with Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), in terms of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) and SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as “**Broker Regulations, 1992**”). The registration to the Noticees as a stock broker was granted subject to certain conditions including the condition that they continue to be member of a recognised stock exchange. At the time of grant of registration as stock broker, the Noticees were trading members of the recognised Stock Exchanges, the details of which are given hereunder:

SI No	Name of the Stock Broker	Stock Exchange	SEBI Registration Number	PAN Number
1	Conard Securities Private Limited	NSE	INZ000218639	AAHCC3679D
2	Anee Securities Private Limited	BSE,NSE, MSEI, NCDEX, MCX	INZ000209430	AAMCA2521M
3	KSBL Securities Limited	BSE,NSE, MSEI	INZ000104638	AAACK0784G
4	Credential Stock Brokers Limited	NSE	INB230903331	AABCC1868L

NSE – National Stock Exchange of India Limited

BSE – BSE Limited

MSEI – Metropolitan Stock Exchange of India Limited

NCDEX – National Commodity and Derivatives Exchange Limited

MCX – Multi Commodity Exchange of India Limited

2. These recognised stock exchanges where the Noticees were holding membership have informed SEBI that the Noticees have been expelled from their membership by them and the same has been communicated to the Noticees. The details of communication regarding their expulsion from membership of recognised stock exchange, sent by the recognised stock exchanges to the Noticees are as under:

Name of the Stock Broker	Date of Expulsion of Stock Broker / Communication to the Stock Broker				
	NSE	BSE	MSEI	NCDEX	MCX
Conard Securities Private Limited	March 26, 2021				
Credential Stock Brokers Limited	November 04, 2019				
KSBL Securities Ltd.	February 28, 2020	March 03, 2020	March 02, 2020		
Anee Securities Private Limited	September 15, 2020	September 19, 2020	September 16, 2020	December 03, 2020	December 08, 2020

3. In view of the above, I note that the Noticees are no longer holding membership of any stock exchange. I note that the Certificate of Registrations as stock broker have been granted to the Noticees subject to the conditions of registration provided under Regulation 9 of the Broker Regulations, 1992. In this regard, I note that under Regulations 9(a) of the Broker Regulations, 1992, one of the conditions of registration is that the stock broker holds the membership of any recognized stock exchange. Since the Noticees are no longer holding membership of any recognized stock

exchange, they no longer fulfil the conditions stipulated under Regulation 9(a) of the Broker Regulations, 1992 by which Certificate of Registration was granted to the Noticees.

4. In view of the aforesaid, SEBI initiated proceedings under Section 12(3) SEBI Act, 1992 read with Regulation 30A of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations, 2008**”) and vide SCNs dated September 03, 2021 called upon the Noticees to show cause as to why the certificate of registration granted under the Act or the regulations made thereunder, should not be cancelled under Section 12(3) of the SEBI Act, 1992 read with Regulation 30A of the Intermediaries Regulations, 2008. SCNs also advised the Notices to file their reply to SCN along with documentary evidence, if any, within 21 days from the date of receipt of the SCN, and failing which it would be presumed that the Noticees have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record.
5. SEBI advised NSE to serve the SCNs to the Noticees. NSE informed that it had attempted to hand deliver the SCNs to the respective Noticees at their last known addresses. However, in all cases, it was observed that the premises or offices of the Noticees were locked or the officials were not available at the location. Therefore, the SCNs were affixed by NSE at the respective premises of the Noticees, as per their last known addresses available with NSE. The details of the last known address of the Noticees where attempts were made by NSE to hand deliver the SCN and where SCN were affixed and date of affixture of such SCNs are given below:

SI No	Name of the Stock Broker	Address	Date of affixture of SCN
1	Conard Securities Private Limited	1509 Maker Chambers V, Nariman Point, Mumbai, Maharashtra - 400021	November 03, 2021
2	Anee Securities Private Limited	2/41Virat Khand, Gomti Nagar, Lucknow, Uttar Pradesh - 226010	November 12, 2021
3	KSBL Securities Limited	Plot No. 1 Naher (Canal) Colony, B/H Water Filling Plant, Dhankot, Gurgaon, Haryana -122001	October 27, 2021

4	Credential Stock Brokers Limited	D-20, Mansarovar Garden, New Delhi East, Delhi-110027	October 27, 2021
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6. Further, SCNs were also published on the website of NSE under the header Home>Invest>Resources & Tools>Regulatory Actions>SEBI.
7. I note that till date of this order, no reply has been received from the Noticees. In view of this, I proceed to determine the matter on the basis of the material available on record. In this regard, I have considered the SCNs, the relevant provisions of law and other details available on record.
8. Before dealing with the SCNs it would be appropriate to refer to the relevant extract of the provisions of law involved in the matter. The relevant extract of the provisions of the SEBI Act, 1992, Intermediaries Regulations, 2008 and Broker Regulations, 1992, is reproduced herein below:

Relevant extract of the provisions of the SEBI Act 1992:

“.....12. Registration of stock brokers, sub- brokers, share transfer agents, etc

...

(3) The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.....”

Relevant extract of the provisions of the Intermediaries Regulations, 2008:

“.....30A. Special procedure for action on expulsion from membership of all the stock exchange(s) or clearing corporation(s) or termination of all the depository participant agreements with depository(ies).

.....

(2) On receipt of intimation from all the stock exchange(s) or clearing corporation(s) of which the stock-broker or clearing member, as the case may be, was a member, that such stock broker or clearing member has been expelled from its membership, the Board may issue a notice to such stock broker or clearing member calling upon the noticee to make its submission(s), if any, within a period not exceeding twenty-one days from the date of service thereof, through a written reply, along with documentary evidence, as to why the certificate of

registration, granted under the Act or the regulations made thereunder, should not be cancelled.

.....

(4) No opportunity of personal hearing may be granted while disposing of the proceedings under this regulation.

(5) After considering the facts and circumstances of the case, material on record and the written submissions, if any, the Board shall endeavor to pass an order within twenty days from the date of receipt of written submissions;

(6) The Board may, while passing such order, impose such conditions upon the person as it deems fit to protect the interest of the investors or its clients or the securities market.

(7) The Board may require the person concerned to satisfy the Board the factors as it deems fit, including but not limited to the following -

- (a) the arrangements made by the person for maintenance and preservation of records and other documents required to be maintained under the relevant regulations;*
- (b) redressal of investor grievances;*
- (c) transfer of records, funds or securities of its clients;*
- (d) the arrangements made by it for ensuring continuity of service to the clients;*
- (e) defaults or pending action, if any.....”*

Relevant extract of the provisions of the Broker Regulations, 1992:

“.....Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

(a) the stock broker holds the membership of any stock exchange;.....”

9. I note that the Noticees are registered with SEBI as Stock Brokers and holding SEBI Certificate of Registration under the Broker Regulations, 1992 and are members of the stock exchanges as mentioned in para 1 above. I note that the Certificate of Registrations have been granted by SEBI to the Noticees subject to, the conditions of registration under Regulation 9 of the Broker Regulations, 1992, which *inter alia* provides that the stock broker must be a member of a recognised stock exchange.

10. I note that the stock exchanges have informed SEBI that the Noticees were expelled from their membership by them and the same has been communicated to the Noticees as mentioned in para 2 above. Therefore, I note that the Noticees are no longer holding membership of any recognized stock exchange. Thus, the Noticees have ceased to satisfy the conditions of registration stipulated under Regulation 9 (a) of Broker Regulations, 1992. I note from paras 4 to 7 that the procedure as required for cancellation of registration as stipulated in the Intermediaries Regulations, 2008, has been followed. In view of the above, I find that the certificate of registration as stock broker, granted to the Noticees under the SEBI Act, 1992 and the Broker Regulations, 1992, should be cancelled under Section 12(3) of the SEBI Act, 1992 read with Regulation 30A of the Intermediaries Regulations, 2008.

Directions:

11. In view of the foregoing, I, in exercise of the powers conferred under Section 12(3) of the SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992 and Regulation 30A of the Intermediaries Regulations, 2008, hereby, cancel the certificate of registration of Conard Securities Private Limited (INZ000218639), Anee Securities Private Limited (INZ000209430), KSBL Securities Limited (INZ000104638) and Credential Stock Brokers Limited (INB230903331).
12. Irrespective of the cancellation of certificate of registration, the respective Noticees shall continue to be liable for anything done or omitted to be done as stock broker and continue to be responsible for payment of outstanding fees and dues and interest if any, due to SEBI.
13. The main purpose of cancellation of certificate of registration, as stock broker, of the Noticees is to prevent the misuse of their certificate of registration with SEBI, without being a member of a recognized stock exchange, on unaware investors. Thus, Noticee shall continue to be liable for any action initiated or to be initiated as if their certificate of registration has not been cancelled and this order does not absolve the Noticees from any

violation of the securities laws committed by the Noticees as registered stock brokers.

14. The Noticees shall ensure to arrange for maintenance and preservation of records and other documents required to be maintained under the relevant regulations; redressal of investor grievances; transfer of records, funds or securities of its clients; continuity of service to its clients; and necessary actions with respect to the defaults or pending action, if any.
15. The Noticees shall abide by the provisions referred in Regulation 30A (8) of Intermediaries Regulations, 2008.
16. This Order comes into force with immediate effect.
17. A copy of this order shall be served upon all the Noticees and the Recognized Stock Exchanges to ensure necessary compliances.

Date: February 14, 2022

Place: Mumbai

Sd/-

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA