

WTM/AB/MIRSD/NRO/30/2019-20

**SECURITIES AND EXCHANGE BOARD OF INDIA
CONFIRMATORY ORDER**

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

IN RESPECT OF:

Noticee No.	Name of the Noticee	PAN
1.	CPR CAPITAL SERVICES LTD.	AAACC3235A
2.	MR. PAWAN KUMAR GARG	AAPPG1517R
3.	MR. ANUJ GARG	AHEPG5644F
4.	MR. DINESH KUMAR	ABKPK0853A
5.	C H P FINANCE PVT LTD.	AABCC5031H
6.	IFL PROMOTERS LTD.	AAACI5322C
7.	CPR COMMODITIES SERVICES PVT.	AACCP5984B
8.	MS. SHASHI GARG	AIGPG7786F
9.	MR. VIJAY PAL SINGH	AKSPS2600N
10.	MS. ANITA MANN	AGPPM5665E

The aforesaid entities are hereinafter individually referred to by their respective names/ noticee numbers and collectively as "the Noticees".

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had passed an *ex-parte ad-interim* order in respect of CPR Capital Services Ltd. (hereinafter referred to as "**CPR**")/"**Noticee no. 1**"/"**stock broker**") and others (viz: Noticee no. 2 to 10) on September 25, 2018 (hereinafter referred to as "**interim order**"). Vide the interim order, the Noticees were *inter alia* debarred from accessing the securities markets until further orders. In the interim order, the Noticees were called upon to file objections (if any) to the directions given in the interim order, within 21 days from the date of receipt of the interim order by them. Accordingly, preliminary objections/reply dated October 15, 2018 were filed by Noticee no. 1 for itself and on behalf of Noticee nos. 2 to 7. Preliminary objections/reply



dated October 31, 2018 were also filed, independently, by Noticee no. 5 and 6. Noticee no. 9 and 10 had filed their combined preliminary objections dated October 13, 2018.

2. Personal hearing was granted and availed by Noticee no. 1 to 8 on August 8, 2019 and August 14, 2019, through Audio-Visual teleconference between SEBI-Western Regional Office, Ahmedabad and SEBI Head Office, Mumbai. Personal hearing was also granted and availed by Noticee no. 9 and 10, on August 8, 2019 at SEBI Head Office, Mumbai.
3. After hearing, Noticee no. 1 to 8 filed their combined written submissions dated August 8, 2019 (which was a copy of the reply dated August 08, 2019 filed by the Noticee no. 1 before NSEIL) and August 14, 2019. Noticee no. 9 and 10 also filed their written submissions dated August 19, 2019.
4. The Noticee no. 1 to 8 has raised various contentions regarding the observations in the interim order, under different heads. These contentions raised by the Noticee no. 1 to 8 under the respective heads and my findings thereon are as hereunder: -
 - a. **Non-settlement of client funds and securities:** It is contended by Noticee no. 1 that certain clients were their group entities which were holding accounts with them and hence, actual settlement of these accounts was not required to be done. Further, that funds and securities lying with CPR were of active and inactive clients. CPR has settled some of client's securities as on date and it has made settlement with Globe Fincap to release the stock of all clients, if exchanges permit it to do so.

Observations: I note that Noticee no. 1 has not denied that it had not settled the clients' funds and securities as *prima facie* observed in the order and contended that actual settlement of securities is not required for clients who are group entities. I find that in terms of SEBI Circular No. MIRSD/SE/Cir-19/2009, dated December 03, 2009, the stock broker is required to settle funds and securities of the clients, irrespective of the fact that such clients are group entities or otherwise. I further note that with respect to its claim that it has settled some of the clients' securities and has entered into a settlement with Globe Fincap, Noticee no. 1 has not produced any documentary evidence in support of such claims. Therefore, *prima facie* observations made in the interim order in this regard remain and the contention of the Noticee no. 1 in this regard, is not tenable.



- b. **Use of client bank account for purposes other than specified:** Noticee no. 1 has contended that Noticee no. 1 as well as its sister concern i.e. Noticee no. 7 were enjoying overdraft facility with IndusInd Bank within the limit of Rs. 2.70 Crore to Rs. 2.90 Crore. Under this mechanism, the banker used to debit and credit the same day or the very next day in the morning, the respective accounts depending upon the credit limit enjoyed. Needless to mention, all these debit entries used to get squared off either on the same day or in the morning of the next day by making credit entries. The inspection team has added all these debit and credit balances which led to a figure of Rs. 509.52 crore on debit side and Rs. 509.59 crore on credit side which resulted in a net credit of Rs. 0.07 crore, only. Needless to mention, under this mechanism with the banker, no funds of clients were utilised, rather the banker had provided requisite funds needed for intraday operations.

Observations: I note that interim order alleges that Noticee no. 7 was the registered client of Noticee no. 1. Noticee no. 7 did not trade during the inspection period, however, there were transfer of funds to and from the Noticee no. 7. Noticee no. 1 has not denied that it did not have transfer of funds with Noticee no. 7, however, the justification furnished by the Noticee no. 1 for use of Noticee no. 7's (i.e. one of the client also) account is that such client was its group entity and therefore, the overdraft facilities given to Noticee no. 1 and 7 by the IndusInd Bank were being used, interchangeably. In this regard, it is observed that such transfer between a broker and its client without underlying trades cannot be sustained merely because the client happens to be the group entity of the broker. Thus, as observed in the interim order, the Notice no. 1 by using the client bank account for purposes other than specified, is in *prima facie* violation of SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- c. **Non-segregation of transaction between own and client bank account:** Net funds transferred from own bank account to client bank account during second inspection period amounted to Rs. 2.55 Crore. The aforesaid flow of funds shows that in order to comply with pay-in obligations of all our clients to the exchange from time to time, CPR (Noticee no. 1) had introduced its own funds instead of getting any funds from our clients. This was done because if that is not done, the member broker is put at the risk



of getting his trading suspended or the risk of getting all open positions of his client squared off. It is further submitted that for meeting our pay-in obligations, it is the clients bank account which is mapped with the exchange. For any payment of pay-in obligations of clients, the funds are to be routed only through the client bank account. As such there is no case of non-segregation of client funds and/or own funds.

Observation: I note that Noticee no. 1 may have transferred funds from own account to client bank account, to meet pay-in obligations of client, but Noticee no. 1 has failed to provide any documentary proof to substantiate its claims. No documentary evidence is provided by Noticee no. 1 in its replies/additional submissions to show a particular client pay-in obligation on a particular day and corresponding bank entry from own bank account to particular client bank account. Thus, as observed in the interim order, by failing to segregate transaction between own and client bank account, Noticee no. 1 is in *prima facie* violation of SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993 and Clause 15 of Rights and Obligations document for Stock Broker, Sub-brokers and Clients as prescribed by SEBI vide its circular dated August 22, 2011. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- d. **Non-segregation between client and own beneficiary account:** As proprietary trading was also being conducted by CPR (Noticee no. 1) and there was no separate securities account for that purpose, there was an allegation relating to non-segregation of own and client beneficiary account. As CPR (Noticee no. 1) has already stopped proprietary trading w.e.f. Oct 2017, the said issue would not arise in future.

Observation: I note that even at the time of having its proprietary trading account, Noticee no. 1 was mandated by law to maintain separate beneficiary accounts for clients and own transactions. Hence, the explanation provided by Noticee no. 1 that proprietary trading has been discontinued by it, does not absolve it from the violations committed by it during the relevant period. Thus, as observed in the interim order, by failing to segregate transaction between own and client bank account, the Noticee no. 1 is in *prima facie* violation of SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993 and Clause 15 of Rights and Obligations document for Stock Broker, Sub-brokers and Clients as prescribed by SEBI vide its circular dated August 22, 2011. Therefore, the contention of the Noticee no. 1 in this regard is untenable.



- e. **Funds raised by pledging client's securities were not used for respective client's obligation:** Pledging of securities valued at Rs. 2.98 Crore (Rs. 6.26 Crore – Rs. 3.28 Crore) by CPR is pertaining to clients having debit balance either occasionally or frequently.

Observation: I note that Noticee no. 1 has not provided any details of clients that had debit balances, the amount of debit balance, the amount raised after pledging, etc. I also note that pledging of shares of debit balance clients is allowed only to the extent of the debit balance of the client. I note that Noticee no. 1 has merely made bald statements without any accompanying documentary evidence. . Thus, as observed in the interim order, by pledging the securities of the clients beyond the permissible extent, the Noticee no. 1 is in *prima facie* violation of SEBI Circulars no. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- f. **Obligation of one client met from other client's securities:** In some cases, there was client to client contra position meaning thereby one client have sell position and another buy position in particular stock. So, as per Exchange rules and regulations, if one client does not hold stock in his account, it gets transferred to auction segment mechanism. In that case to avoid auction charges, CPR used one client holding for another and returned to the appropriate client on receipt from another client.

Observation: I note that Noticee no. 1 has not denied that it has indulged in using one client's securities to meet obligations of another client. A stock broker is not allowed to misutilize securities of one client to meet the obligation of another client. Thus, as observed in the interim order, by misutilizing the securities of clients, the Noticee no. 1 is in *prima facie* violation of SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- g. **Mis-utilisation of client securities:** Inspection team has already taken into account transfer of securities inter-se the group companies namely CHP (Noticee no. 5) and IFL (Noticee no. 6) and a shortfall of securities worth Rs. 2.86 crore was arrived at by the inspection team. CPR (Noticee no. 1) has scheme of arrangement with its group companies, namely, CHP (Noticee no. 5) and IFL (Noticee no. 6). Under the said



scheme stocks of CPR (Noticee no. 1) used to be transferred off market for taking funds in relation thereto and using the same for pay-in obligation. Needless to mention, these stocks were of the clients of CPR (Noticee no. 1), who were having debit balances. After selling these stocks, the said companies used to transfer the funds to CPR (Noticee no. 1). The actual value of stocks on daily basis was in the range of Rs. 3 to 3.5 crore and the cumulative value on all the days as worked by inspection team came out to Rs. 94.40 Crores. As such there is no mis-utilisation of any securities of any client.

Observation: I note that Noticee no. 1 claims to have been recovering dues of clients having debit balances by selling the securities belonging to such clients, not by itself, but selling those securities through its own group companies i.e. Noticee no. 5 and Noticee no. 6. Thus, Noticee no. 1 claims to have sold the securities belonging to its clients having debit balances, by first transferring it to Noticee no. 5 or 6 and then, the said Noticees, would sell those securities on behalf of Noticee no. 1 and transfer the resulting consideration to Noticee no. 1. I note that such *modus operandi* of Noticee no. 1 raises suspicion on the genuineness of such transactions, as to why would Noticee no. 1 sell the securities through Noticee no. 5 or 6, rather than selling it by itself and recovering the clients' dues directly. It is also pertinent to mention here that, Noticee no. 1 has not furnished any proof/details about the names of client whose securities were sold for recovery, their actual debit balances, the value and names of securities belonging to the client, the value and names of securities actually sold for recovery, the amount of money realised, the date of sale of securities, the date of receipt of money into its own bank account, bank statement showing receipt of corresponding funds from Noticee no. 5 or 6. I note that Noticee no. 1 has merely submitted the copies of demat statements showing transfer of some securities to Noticee no. 5 and 6 and copies of certain purported MoU's entered by Noticee no. 1 with Noticee no. 5 and 6 to substantiate its claim in this regard. However, these documents by itself do not satisfy the claims made by Noticee no. 1. Thus, as observed in the interim order, by misusing the clients' securities, the Noticee no. 1 is in *prima facie* violation of SEBI circular No. SMD/SED/CIR/93/23321 dated November 18, 1993. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- h. **Funding to clients:** The parties to whom debits were allowed was due to the reason that those clients were having enough securities lying with Noticee no. 1 against which client requested for further debit and Noticee no. 1 considered client request and



allowed in good faith and as a goodwill gesture to the client.

Observation: I note that a stock broker cannot grant further exposure to the clients when debit balances arise out of client's failure to pay the required amount and such debit balances continues beyond the fifth trading day (Clause 2.6 to the SEBI Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016). I note that Clause 2.6 of the aforesaid circular does not provide for a relaxation that would allow for additional exposure if client's securities were available with a stock broker. Further, I also note that Noticee no. 1 has not provided any details and documentary evidence in support of their claim viz. amount of client's debit balance, securities available with broker, amount of pay-in obligation of the client, etc. Thus, as observed in the interim order, by funding the clients, the Noticee no. 1 is in *prima facie* violation of Clause 2.6 of SEBI Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- i. **Nomenclature of client bank accounts:** It is submitted by the said Noticees that only in old accounts which were non-operative during inspection period i.e. account with HDFC Bank, "client account" word was not mentioned on cheque book. On regular operational bank account viz: ICICI and Indusind Bank, the words "client account" is properly mentioned.

Observation: The submission made by the Noticee no. 1, regarding nomenclature of clients bank account, shows that Noticee no. 1 is not denying observations made I this regard, in the interim order are not correct. I note that the requirement of naming and tagging of client bank account applies for all accounts held by the broker for client purposes, in accordance with the SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016. Thus, as observed in the interim order, the Noticee no. 1 by not giving proper nomenclature to client bank account, is in *prima facie* violation of the aforesaid circular. Therefore, the contention of the Noticee no. 1 in this regard is untenable.

- j. **Cash Dealings:** Cash received in 7 instances was from sale of land and building, old car, old computer, etc. or cash withdrawn from bank for meeting day to day petty expenses. The same is duly reflected in schedule of fixed assets in the audited balance sheet of CPR (Noticee no. 1).



Observation: In this regard, it is noted that Noticee no. 1, in its reply dated August 08, 2019, has mentioned Annexure 7, as containing the schedule of fixed assets, in the audited balance sheet of Noticee no. 1, however, no such Annexure 7, is annexed to the reply. Therefore, the explanation furnished by Noticee no. 1 can not be relied upon.

5. Noticee no. 5 and Noticee no. 6 have additionally submitted that Noticee no. 1 made arrangements with Noticee no. 5 and 6, both being NBFCs, for raising funds through sales of shares lying with CPR. In pursuance of this arrangement, these Noticees made arrangement with other brokers namely, Share India, ANG, Vishwas Fincap Ltd. and Globe Capital Market Ltd. for selling shares through them and getting the funds, the same day of the sale. For this purpose, they use to get finance charges from the Noticee no. 1. In addition to the above arrangement, Noticees also advanced additional funding to Noticee no. 1 from time to time from their own funds as and when required by Noticee no. 1. In this manner, Noticee no. 5 and 6 have lent Rs. 9490994.99/- and Rs. 1665487.74/, respectively, to Noticee no.1. Regarding its connections with Noticee no. 1, as alleged in the interim order, Noticee no. 5 has submitted that Shri Pawan Kumar Garg (common director in Noticee no. 1 and Noticee no. 5) has been introduced as director, as he is a Chartered Accountant and that common director does not mean that Noticee no. 1 and 5 are inter related. Regarding its connections with Noticee no. 1, as alleged in the interim order, Noticee no. 6 has submitted that as per disclosures for the financial year 2016-17, Noticee no. 1 held 5.16 per cent. holding of Noticee no. 6. Further, the shares of Noticee no. 6 held by Shri Pawan Kumar Garg and Ms. Anita Mann, are purchased by them for investment purpose as also of other listed companies.
6. From the aforesaid additional submissions made by the Noticee no. 5 and 6, I note that the contention regarding arrangement between Noticee no. 1 and Noticee no. 5 & 6 involving sale of securities of clients of Noticee no. 1 by Noticee no. 5 and 6 has already been rejected in the observations made in paragraph 4(g) above. Further, regarding the submissions made by the Noticee no. 5 and 6 disputing the relationship between Noticee no. 1 on the one hand and Noticee no. 5 and 6 on the other hand, as alleged in para 14 of the interim order, it is noted that interim order only draws a reasonable inference on the basis of connection (which is not disputed by the Noticees) between these Noticees that these Noticees were aware of the wrongful nature of the transactions between them as noted in the earlier paragraphs



and thus these Noticees have aided and abetted Noticee no. 1 and its directors in mis-utilization of clients' funds/securities, non-settlement of clients' funds/securities and non-segregation of clients' funds/securities. In view of this, I find that *prima facie* allegation made in the interim order stand unrebutted and submissions of Noticee no. 5 and 6 do not allay the allegation levelled in the interim order.

7. I note that Noticee no. 9 and Noticee no. 10 are spouses of each other and have made similar contentions. The contentions raised by Noticee no. 9 and 10 are reproduced below:
- a. They have been arrayed as parties in the interim order without any specific findings against them. They, as directors, have not at all engaged in the finance and broking related activities of Noticee no. 1.
 - b. Noticee no. 9 was the employee director of Noticee no. 1 from 19/01/2015 to 01/10/2015 and Noticee no. 10 was the employee director of Noticee no. 1 from 01/01/2007 to 01/10/2015. Noticee no. 9 during his course of employment was responsible for arbitration, jobbers welfare activities and procurement and management of hardware resources of Noticee no. 1 company. Noticee no. 10 during her course of employment was responsible for payroll management functions and hygiene and food quality check functions at Noticee no. 1. Precisely, they were not involved in the day to day broking activities of Noticee no. 1 and therefore, not involved any financial dealings with the clients of Noticee no. 1.
 - c. Noticee no. 9 and 10, during their tenure as employee director, have not participated in any Board meetings of Noticee no. 1 and they were also not involved in any banking transactions executed by Noticee no. 1. Noticee no. 10 was not allowed to attend the meetings of the Board of Noticee no. 1, as it was intimated to her vide the promotion letter dated 01/01/2007 issued by Noticee no. 1 that she shall not be allowed to do so.
 - d. Upon perusal of Form 26AS, it can be seen that the tax deducted on payment made to Noticee no. 9 and 10 by Noticee no. 1 was done under section 192 of Income Tax Act, 1961. Thus, it establishes that payment made by Noticee no. 1 to these Noticees was in the nature of salary only.



- e. Noticee no. 2, 3 and 4 (any two or three of them) were performing duties as executive directors of Noticee no. 1. Incidentally, on perusal of email dated 11/09/2017, sent by Noticee no. 1 to SEBI, it can be seen that Noticee no. 3 was looking after the complete operational activity along with inspection irregularities of Noticee no. 1.
- f. In the inspection report dated 29/03/2016 of NSEIL, no inferences or findings or allegations of any nature is made against the Noticee no. 9 and 10. Further, pursuant to the aforesaid inspection report, Disciplinary Action Committee (DAC) of NSEIL vide order dated 03/02/2017, imposed penalty and suspended trading of Noticee no. 1. Thus, as on 03/02/2017, NSEIL allowed and permitted Noticee no. 1 to carry out its business. In view thereof, no liability ought to be fastened on the Noticees for the period of their directorship in Noticee no. 1. Subsequently, another inspection of Noticee no. 1, led DAC of NSEIL vide order dated 08/02/2018, to expel the membership of Noticee no. 1. In the said order also, DAC had not drawn any adverse inferences or findings against the Noticees. In the inspection report of SEBI also, nothing has been attributed to the Noticees, in any of the findings of SEBI's inspection report. Attention is drawn to the inspection reports issued by NSEIL dated 13/06/2014, 08/10/2015, 20/06/2017 and 14/03/2018. On perusal of the same, it can be seen that during our tenure, there are no adverse findings of any nature against Noticee no. 1, even particularly with regard to investor grievances and arbitration cases. Therefore, it is pertinent to mention that during the tenure of the Noticees, no investor complaint was filed against Noticee no. 1 with NSEIL.
- g. Noticee no. 9 and 10 placed reliance on the following orders passed by Hon'ble SAT and SEBI:
- i. Order passed by WTM, SEBI in the matter of Guinness Securities Ltd. dated 31/07/2019
 - ii. Order passed by WTM, SEBI in the matter of Mongipa Investments Ltd. dated 08/02/2019
 - iii. Order passed by WTM, SEBI in the matter of Home Trade Ltd. against Mr. Rakesh Chandak and Mr. Manoj Chandak, dated 03/10/2018
 - iv. Order passed by WTM, SEBI in the matter of Home Trade Ltd. against Ms. Tanya Sek Sum and Mr. Mikel VK Lo Kiap Kwong, dated 27/03/2019



- v. Order passed by WTM, SEBI in the matter of Home Trade Ltd., dated 16/02/2006
- vi. Order passed by WTM, SEBI in the matter of Seagull Leafin Ltd., dated 26/04/2019
- vii. Order passed by AO, SEBI in the matter of Adani Exports Ltd against Mr. Jaydev Raja, dated 27/05/2019
- viii. Order passed by AO, SEBI in the matter of ABG Shipyard Ltd. in respect of Mr. Saket Agarwal, dated 09/05/2019
- ix. Order passed by Hon'ble SAT in the matter of P.G. Electroplast Ltd. & Ors. v. SEBI (Appeal no. 281 of 2017), dated 02/08/2019
- x. Order dated 09/08/2019 passed by Hon'ble SAT in the matter of Sayanti Sen v. SEBI (Appeal no. 163 of 2017)
- xi. Order dated 03/08/2017 passed by WTM, SEBI in the matter of Amazon Capital Ltd.
- xii. Order passed by WTM, SEBI dated 03/11/2017 in respect of Mr. D.N. Davar in the matter of Vishwas Steels Ltd.

8. I note that Noticee no. 1, 5, 6 and 7 are connected to each other in a manner specifically stated in para 14 and 15 of the interim order. I also note that none of the said Noticees have specifically refuted/denied being so connected, in their replies/submissions before me. I also note that Noticee no. 2, 3, 4 and 8 (past/present directors of Noticee no. 1) are members of the same family (Garg family). Hence, it may not be incorrect to say that Noticee no. 1 to 8 are related/connected with each other, as opposed to Noticee no. 9 and 10, who were associated with Noticee no. 1 as directors, but do not appear to share any other connection with Noticee no. 2 to 8. Further, Noticee no. 9 and 10 have specifically denied any knowledge or involvement about the day to day broking activities, financial operation or regulatory compliances of Noticee no. 1, however, Noticee no. 2, 3, 4 and 8 have not specifically denied the same. Further, on perusal of the copy of the appointment letters of Noticee no. 9 and 10, as issued by Noticee no. 1, it appears that Noticee no. 9 was appointed to look after jobbers' welfare activities and procurement and management of hardware resources of Noticee no. 1, and Noticee no. 10 was assigned the task to look after the payroll management functions and hygiene and food quality check functions at Noticee no. 1. Thus, the continuance of directions, as contained in the interim order, against Noticee no. 9 and 10 may not be warranted at this stage. However, it is clarified that if at a further stage, the role



and involvement of the said Noticees is found in the instant matter, SEBI may take all appropriate actions against the said Noticees, in accordance with law.

9. In view of the observations made in the paragraph 4 above, I do not find that Noticee no. 1 has made out a case for revocation of the directions issued vide the interim order. I find that Noticee no. 2 to 8 objected to the issue of directions against them vide the interim order, by raising the contentions justifying the acts of Noticee no. 1 which have been found to be untenable and as a consequence of rejection of the contentions of Noticee no. 1, I find that Noticee no. 2 to 8 have also not made out any case for revocation of directions issued vide the interim order against them.
10. In view of the above, I, in exercise of the power conferred upon me under Sections 11(4), 11B and 11D read with Section 19 of the Securities and Exchange Board of India Act, 1992, in the facts and circumstance of case, hereby,
 - a. confirm the directions issued against Noticee no. 1 to 8, as issued in the interim order;
 - b. revoke the directions issued against Noticee no. 9 and 10, as contained in the interim order.
11. I note that in its written submissions dated August 08, 2019, Noticee no.1 has submitted that it wishes to settle the claims of its clients for which it claims that adequate securities are available with Noticee no.1, however, due to the freeze/debarment imposed vide the interim order, it is unable to do so. Having regard to the interest of investors, NSEIL is directed to consider the request, if any, made by the Noticee no. 1 in this regard, in accordance with law.
12. The present order has been passed under disciplinary proceedings against the stock broker for the violations of the securities laws including code of conduct for the stock broker, as mentioned in the order above. The observations in this order does not *ipso facto* entitle any client of the stock broker to claim their funds, stocks and securities, which claims are to be taken by such clients with the concerned stock exchanges/depositories in accordance with their respective bye-laws.



13. This order shall come into force with immediate effect. The order shall continue to be in force till further directions/orders.
14. A copy of this order shall also be sent to all the recognised stock exchanges, depositories and RTA's of mutual funds to ensure compliance with the above directions.



ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai

Date: October 25, 2019