

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

INTERIM EX PARTE ORDER

**Under Sections 11, 11(4), 11B(1) and 11D of the Securities and Exchange Board
of India Act, 1992**

**In Re: Securities and Exchange Board of India (Investment Advisers)
Regulations, 2013, Securities and Exchange Board of India (Portfolio Managers)
Regulations, 1993 and
Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair
Trade Practices Relating to Securities Market) Regulations, 2003**

In respect of:

Name of the Entity	PAN
M/s. Global Portfolio Management (Proprietor Mr. Imran Khan)	BBZPK6473J

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1. Securities and Exchange Board of India (“**SEBI**”) received a complaint against M/s. Global Portfolio Management, wherein the complainant, Mr. S. K. Khalek, has, *inter-alia*, alleged that he paid Rs. 93,000/- to Global Portfolio Management for investments in the stock market and the same has caused financial loss to him. From the details submitted by the complainant, it is gathered that the entity had a website www.globalportfolio.org and its proprietor is Mr. Imran Khan. The complainant has also provided payment receipts which show that he has made payments to Global Portfolio Management/ Imran Khan (hereinafter referred to as the “**Noticee**”).

2. With a view to determine if unregistered investment advisory activities are being carried out through www.globalportfolio.org, a preliminary examination was carried out in this matter and the, *prima facie*, findings of the same are given in the succeeding paragraphs.

SEBI's EXAMINATION AND ITS FINDINGS

3. The main details of the complaint against the Noticee are as below:
 - 3.1. He got a call from Indore and was told to invest Rs. 1.5 lacs and he would get 50% profit in just 12-15 days.
 - 3.2. After he invested Rs. 93,000/-, he was told that the money has been invested in stock market and there are losses.
 - 3.3. He has provided names of certain persons and certain phone numbers from which he was called.
 - 3.4. Vide email dated July 31, 2019, he was informed by the Noticee that Rs. 90,000/- has been received and that they will invest this amount. Further, he was asked to complete payment of remaining Rs. 60,000/- to complete the Rs. 1,50,000/- slot.
4. The complainant also attached the payment receipts which showed that he had made payment to bank account of the Noticee held with ICICI Bank. The bank statements and KYC/ AOFs for this account was obtained from ICICI Bank.
5. The website and particulars of the bank account were perused to gather information. As on July 28, 2020, the aforesaid website is no longer active and attempts to visit the site gives a warning that the website may pose a security threat. Therefore, during the course of preliminary examination, the archived pages of the website were obtained

from web.archive.org and have been examined.

6. Preliminary examination by SEBI revealed the following:

6.1. The entity, Global Portfolio Management, is not registered with SEBI.

6.2. The website provides information that the firm is a financial advisory firm delivering “reliable recommendations and advice for stocks, futures, options and also offers portfolio management services”.

6.3. The website claims that the firm offers advisory/ tips in the segments of Equity, Commodity and Customized services.

7. The bank statement showed that payments had been received by the Noticee through Easebuzz. Account details were sought from Easebuzz and it submitted the beneficiary details as mentioned below:

Name: Global Portfolio Management

Email: globalportfolio07@gmail.com

Name of Owner: Mr. Imran Khan

Bank Name: ICICI Bank Ltd.

Account Number: 144105500779

PAN ID: BBZPK6473J

8. The ICICI Bank account number provided by Easebuzz also appeared on the website www.globalportfolio.org. From the above, it is observed that the Noticee was running a website on which it claimed to be providing investment advisory and portfolio management services. Further, from available SEBI records, it is observed that this entity is not registered with SEBI as an investment advisor nor as a portfolio manager for rendering such services. Thereafter, in order to gather additional information of its activity and for examining the same, KYC (Account Opening Forms - AOF) and transaction/ account statement of bank account of the Noticee was sought from ICICI

Bank and Easebuzz.

9. The following bank details of the Noticee were observed from the website and from the details given by Easebuzz:

Bank	Account No	Name of Account Holder	Opening Date	Status
ICICI Bank	144105500779	Global Portfolio Management	May 13, 2019	Active

CONSIDERATION OF ISSUES

10. I have perused the materials available on record such as complaints, information available on the archived webpages of the Noticee and information gathered from bank documents/ statements, payment gateway etc. A preliminary examination of the material available on record has been made in order to verify whether the Noticee has offered investment advisory and portfolio management services and collected money from various investors without registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:

- 1) Whether the Noticee is, prima facie, holding itself out and/ or acting as an investment adviser?***
- 2) Whether the Noticee is, prima facie, acting as a portfolio manager?***
- 3) If answer to Issue Nos. (1) and (2) are affirmative, whether the Noticee has, prima facie, violated any provisions of the SEBI Act read with the SEBI (Investment Adviser) Regulations, 2013, the SEBI (Portfolio Managers) Regulations, 1993, and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003?***

4) If answer to Issue No. (3) is affirmative, whether urgent directions, if any should be issued against the Noticee?

Issue No. 1: Whether the Noticee is, prima facie, holding itself out and/ or acting as an investment adviser?

11. As regards the first issue, I note the following from the material available on record:

11.1. This website was browsed for information, but as the same is not currently active, the archived pages of the website were obtained from web.archive.org to gather information and the following was observed wherein the entity has claimed as follows:

11.1.1. It is a pioneering financial advisory firm having a team of specialized financial market analysts having massive experience in carrying out capital market research.

11.1.2. They deliver reliable recommendation and advice for stocks, future and option (F&O) traded in the NSE and BSE, commodities such as bullion, agri, and metals traded in the MCX and NCDEX.

11.1.3. They offer daily and weekly reports having stock and commodity market overview.

11.1.4. Valuable tips are provided through various methods.

11.2. Illustration of some of the subscription packages provided by Noticee and the fees for the same is as under:

Standard MCX

Fees (in Rs.)

Monthly	10,000/-
Quarterly	30,000/-

Half yearly	55,000/-
Yearly	90,000/-

HNI MCX Fees (in Rs.)

Monthly	60,000/-
Quarterly	1,40,000/-
Half yearly	2,70,000/-
Yearly	5,30,000/-

Bullions Fees (in Rs.)

Monthly	15,000/-
Quarterly	35,000/-
Half yearly	55,000/-
Yearly	95,000/-

Customized Service Fees (in Rs.)

Monthly	2,40,000/-
Quarterly	6,80,000/-
Half yearly	10,50,000/-
Yearly	17,90,000/-

11.3. Further, the following is mentioned on the website *“Pursuant to the obligations placed on an investment advisor by SEBI under SEBI (Investment Advisor) Regulations, 2013, we have decided to formulate policies for risk profiling and suitability assessment as required under regulation 16 and 17 of the said act.”*

12. Further, I note the following information gathered from the KYC documents and bank account statements from ICICI Bank and from documents obtained from Easebuzz:

12.1. As per the KYC/ AOF documents received from ICICI and Easebuzz, the nature of business/ type of profession of Noticee has been stated to be as follows:

Bank/ Payment Gateway	Nature of Business/ Type of profession/ Purpose of Payment
ICICI Bank	Certificate issued by District Labour Office, Indore, mentions the kind of business as “Any other Commercial Establishment” and has been issued on May 05, 2019.
Easebuzz	Advisory

12.2. The transactions observed in the above-mentioned bank account of the Noticee are summarized as under:

Bank	Account Opening Date	Credits received from date of account opening till April 30, 2020
ICICI Bank	May 13, 2019	Rs.1,26,86,921/-

12.3. It is observed that there are large number of payments received through various payment gateways/ IMPS or NEFT. From the narrative of the transactions, it appears that the payments have, *prima facie*, come from various individuals. The narration also mentions terms such as “investment”, “profit payout”,

13. As reflected in the KYC provided by Easebuzz, the nature of business/ purpose for receiving payments has been provided by the Noticee as “Advisory”. Further, the archived pages of the website also mention the ICICI Bank account where the persons who wish to avail the services mentioned in the website can make the payment. Hence, as reflected in the bank statements referred to above, I note that the Noticee has commenced with the collection of fees/ funds for the purpose of availing the services, as indicated on its website, from May 2019.

14. It is, *prima facie*, observed that the Noticee was placing information in public domain/ advertising by using its website about the various services offered by it in the securities market. Further, it is also, *prima facie*, observed that various packages were being offered by the Noticee to avail its services. The website has categorically mentioned the advantages of availing the services of the firm in various fields of securities market. The Noticee has also mentioned on its website that as part of obligations placed by SEBI on investment advisers under the SEBI (Investment Adviser) Regulations, 2013 (hereinafter referred to as the “**IA Regulations**”), it has decided to formulate policies for risk profiling and suitability assessment as required under Regulations 16 and 17 of the IA Regulations. The reference to obligations placed on investment advisers by SEBI, to the IA Regulations and along with the information regarding investment advisory services placed on its website, *prima facie*, give a misleading appearance to investors that the Noticee is registered with SEBI, especially in the context of information which is mentioned on the website that the Noticee is offering advisory services. I observe in this context reference to SEBI, and the IA Regulations and to the obligations placed by SEBI would mislead the investor to conclude that the Noticee is conducting its affairs in tune with the IA Regulations and is registered with the Regulator for its advisory services. Moreover, with the above facts and circumstances, especially the content of the website of the firm coupled with the credit transactions in the bank accounts, *prima facie*, it is inferred that the fees / funds credited to the bank accounts, were for the purpose of availing the services indicated on the website of the Noticee. Thus, I, *prima facie*, find that the Noticee has induced the public in general to deal in securities by availing its unregistered services.

15. In this factual context, I have perused the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, which states that Investment Adviser means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called*”. Further, I have perused Regulation 2(l) of the IA Regulations which defines Investment Advice as “*advice relating*

to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.”

16. In light of the aforesaid definitions, it is observed that the Noticee, through its website, *prima facie*, offered investment advice as defined under Regulation 2(l) of the IA Regulations by offering to give advice related to investing in, purchasing and selling of securities and is also offering various service packages for subscription. Considering the above analysis of the details of website of the Noticee, details of payment made to the Noticee by the complainant, contents of the email sent to the complainant, the bank statements of the Noticee and the KYC/ AOF documents of the Noticee, I, *prima facie*, observe that the Noticee is an investment adviser as defined under Regulation 2 (m) of the IA Regulations and that the Noticee in view of the representations in the website, has held itself to be an investment advisory firm that provides tips for the stock and commodity markets. The credit transactions in the bank accounts, *prima facie*, appear to be proceeds from the business operations of the Noticee and considering that the website of the Noticee shows its services to be in the nature of investment advisory services coupled with the fact that the account is mentioned in the website it leads to the, *prima facie*, conclusion that the said proceeds reflected in the said bank account are consideration for the advisory services offered by the Noticee. Therefore, it is, *prima facie*, inferred that the fees/ funds credited to the bank accounts, were for the purpose of availing the services indicated on the website of the Noticee.
17. Therefore, the Noticee, by virtue of its website contents, is holding itself to be giving trading tips, stock specific recommendations, etc., to the investors and general public and from the receipt of funds, as seen in the bank statements, it can, *prima facie*, be seen on preponderance of probability basis that the credit for payment of fees is in fact meant for the advisory services actually rendered by the Noticee. Therefore, the Noticee has not only held itself out as an investment adviser but has also acted as an investment

adviser for consideration.

Issue No. 2: Whether the Noticee is, prima facie, acting as a portfolio manager?

18. From the archived pages of the website, I observe that the Noticee has placed the following details regarding portfolio management services (PMS) on the website:

- 18.1. *In simple words, a portfolio management service provides professional management of your investments to create wealth.*
- 18.2. *PMS provides professional management of portfolios with the objective of delivering consistent long-term performance while controlling risk.*
- 18.3. *We understand the dynamics of equity as an asset class, so we track your investments continuously to maximize the returns.*
- 18.4. *Well defined investment philosophy & strategy acts as a guiding principle in defining the investment universe. We have very robust portfolio management software that enables the entire construction, monitoring and the risk management processes.*
- 18.5. *Our Portfolio Management Service relieves you from all the administrative hassles of your investments. We provide periodic reports on the performance and other aspects of your investments.*
- 18.6. *Your Relationship manager will help you carefully understand your financial goals and advise you the right product mix. The relationship managers ensure that you receive periodic updates and account performance reports.*
- 18.7. *Individuals, HUFs, AOPs and limited companies can open PMS account with it.*
- 18.8. *PMS is an alternative to mutual funds for the knowledgeable and educated investor.*
- 18.9. *Performance fees only. No management fee.*
- 18.10. *We invest for you in marketable securities (stocks, bonds, etc.) with the goal of growing your assets at a rate which is materially above average without using high levels of debt or risk.*

19. The complainant, Mr. Khalek, has provided an email from the Noticee, which states the

following:

“As per your conversation about investment we have received your amount of Rs. 90,000/- and we will invest your investment. Request you to kindly complete the remaining amount 60,000/- to complete your Rs.1,50,000/- slot.”

20. From the text of the email sent to the complainant, I note that the funds have purportedly been collected from the complainant for investment purpose and as per the material placed on the website of the Noticee, this amount will be invested in the securities market. While the email does not mention portfolio management services to be provided to the complainant, from the language of the email sent to the complainant, along with the contents of the website of the Noticee, there is a preponderance of probability that, *prima facie*, these funds were collected from the client for investment in the securities market.
21. In this factual context, I have perused the definition of Portfolio Manager as given in Regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 1993 (hereinafter referred to as the “**PMS Regulations**”), which states that Portfolio Manager means “*any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or the funds of the client, as the case may be;*”
22. It is, *prima facie*, observed that the Noticee is placing information in public domain wherein it is advertising the portfolio management services offered by it in the securities market. Considering the above mentioned details regarding portfolio management services placed on the website of the Noticee, the bank statement of the Noticee, the complaint of Mr. Khalek and the email sent by the Noticee to the complainant, I, *prima facie*, observe that the Noticee has undertaken on behalf of the client, the management of his funds for investment in the securities market. As the credit transactions in the bank

account, *prima facie*, appear to be proceeds from the business operations of the Noticee and considering that the website of the Noticee shows that it is offering portfolio management services, it leads to the, *prima facie*, conclusion that apart from consideration received for investment advisory services, some of the said proceeds may also be consideration for the portfolio management services offered by the Noticee.

23. Therefore, the activity of the Noticee, by virtue of offering portfolio management services to the investors and general public, the bank statements showing the credit for payment of fees, details of the complaint made by the complainant, *prima facie*, shows, on preponderance of probability basis, that the credit for payment of fees is also meant for the portfolio management services actually rendered by the Noticee. Therefore, the Noticee has, *prima facie*, also acted as a portfolio manager for consideration.

Issue No. 3: If answer to Issue Nos. (1) and (2) are affirmative, whether the Noticee has, prima facie, violated any provisions of the SEBI Act read with the SEBI (Investment Adviser) Regulations, 2013, the SEBI (Portfolio Managers) Regulations, 1993, and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003?

24. Before proceeding further, I would like to refer to the relevant provisions of securities laws which are the SEBI Act, 1992, the IA Regulations, the PMS Regulations and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”). The text of the aforesaid provisions is reproduced below.
25. In order to ensure the protection of investors who receive investment advice or who avail portfolio management services, it is imperative that any person carrying out investment advisory activities or providing portfolio management services has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act,

1992 (“**SEBI Act**”) reads as under:

*“No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, **portfolio manager, investment adviser** and **such other intermediary** who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, **the conditions of a certificate of registration obtained from the Board** in accordance with the regulations made under this Act:”*

26. As per Regulation 3(1) of the IA Regulations, the registration of the investment advisers is mandatory. It provides that, *“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations”*. Further, as per Regulation 3 of the PMS Regulations, the registration of the portfolio managers is mandatory. It provides that, *“No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations”*.
27. Sections 12A (a), (b), (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations are reproduced below:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

Section 12A: *No person shall directly or indirectly:*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

Regulation 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:-

...

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities”.

28. The activities of the Noticee, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions, show that the Noticee was holding itself out as an investment adviser and has also been acting, on preponderance of probability basis, as an investment adviser. It can also be seen that the Noticee has also, *prima facie*, on preponderance of probability basis, acted as a portfolio manager. From the records of SEBI, it is observed that no entity with the name of the Noticee is registered with SEBI as an investment adviser/ research analyst/ sub-broker/ broker/ portfolio manager. Therefore, the characteristics and features of the business activity carried out by the Noticee, as discussed in the preceding issues, *prima facie*, leads to the conclusion that the Noticee is holding itself out as an investment adviser and is acting as an investment adviser and as a portfolio manager without a certificate of registration.
29. In my view, these activities/ representations of the Noticee are, *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations and Regulation 3 of the PMS Regulations.
30. As discussed in the preceding paragraphs, the analysis of bank account of the Noticee mentioned on the website shows that the Noticee has received money in various denominations from various individuals all across the country. These proceeds, as discussed in preceding paragraphs, *prima facie*, are consideration for the services provided by the Noticee in the securities market, as advertised on its website. Further, the Noticee does not have a registration with SEBI to provide investment advisory and portfolio management services and has knowingly misrepresented on its website that it can provide these services. It appears that, *prima facie*, the Noticee has misled the investors, as discussed above, giving contextual impression that it is registered with

Regulator, as an investment advisor thereby luring and inducing investors to deal in securities by availing its services. These acts of the Noticee are misleading in the sense that the public are effectively made to believe that it is registered with the Regulator and therefore, authorized to deal in securities market while, in fact, the Noticee does not have the mandatory certificates of registration and is defrauding the public by luring/ inducing them to avail its services to deal in securities.

31. The above discussed non-genuine and deceptive activities of the Noticee are, *prima facie*, fraudulent and are covered within the definition of “fraud” defined under Regulation 2(1)(c) of the PFUTP Regulations, which reads as under:

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) a promise made without any intention of performing it;*
- (5) a representation made in a reckless and careless manner whether it be true or false;*
- (6) any such act or omission as any other law specifically declares to be fraudulent,*
- (7) deceptive behaviour by a person depriving another of informed consent or full participation,*
- (8) a false statement made without reasonable ground for believing it to be true.*
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely*

on the statement itself or anything derived from it other than the market price.

And “fraudulent” shall be construed accordingly;

32. Therefore, I note that, *prima facie*, the fraudulent and manipulative conduct/ act/ practice of the Noticee, as discussed above, are in violation of provisions of Section 12A (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations.

Issue No. 4: If answer to Issue No. (3) is affirmative, whether urgent directions, if any should be issued against the Noticee?

33. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations, the IA Regulations and the PMS Regulations have been formulated with the main objective of regulating such activities to safeguard the interests of investors and hence registration of such activities with SEBI has been made mandatory. The IA Regulations, *inter alia*, seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. Similarly, the PMS Regulations, *inter alia*, are intended to create a structure within which portfolio managers will operate and be duly accountable to investors for their assets by requiring them to comply with the various safeguards and criteria that have been set out in the regulations. These regulations are imperative for the protection of interests of investors and to safeguard the integrity of the securities market. In the instant case, the Noticee is soliciting and inducing the investors to deal in securities market on the basis of investment advice, stock tips, portfolio management services, etc., *prima facie*, without having the requisite registration/ certification as mandated under the IA and PMS Regulations. Similarly, the PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market

in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. Further, it is noted from material available on record, that the bank account of the Noticee is active as on the date. This, *prima facie*, indicates that Global Portfolio Management, as a proprietorship firm, is continuing to carry on its activity of holding itself to be an unregistered investment adviser and portfolio manager.

34. It is noted that permitting the investors to receive investment advisory/ portfolio management services from an entity not registered with SEBI, in effect means, the same is received from a person who may be unqualified and ineligible to provide these services without following the safeguards mentioned in the IA and PMS Regulations. An investor receiving services from an unregistered investment advisor or an unregistered portfolio manager vis-a-vis an investor who receives such services from entities registered with SEBI in consonance with the respective Regulations stands at a disadvantageous position in respect of his protection as an investor. An unregistered investment adviser/ portfolio manager has not satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser/ portfolio manager. Availing of service from such persons is detrimental to investors and such unqualified service could result in irreparable damage as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victims of such services tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.
35. Further if an ex-parte order is not passed, many prospective investors may subscribe to these unregistered services by parting with significant fees and may cause irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what

is at stake is right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the ex-parte orders in the case of private suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as “whole”, is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential loss of investment by the investors by following the advice from an unqualified person and resultant loss of investor’s confidence and reliability of securities market, cannot be retrieved, if, *prima facie*, unregistered investment advice/ portfolio management services is permitted to be extended to the investors by not passing an *ex-parte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favour of the Noticee.

36. Considering the facts and circumstances of the present matter and on the basis of the, *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the Noticee from collecting any more funds from the public and from indulging in unauthorized investment advisory and portfolio management activities. While the website of the Noticee is no longer active, it is not inconceivable that the Noticee may start or may have started a new website. I note that the bank account of the Noticee is active. Further, the mobile number available on record, +91-8827489573, belonging to the Noticee, appears to be active as seen by carrying out a search on the internet in the website <https://www.findandtrace.com/>. Therefore, the Noticee is still capable of luring investors to deal through it in the securities market and the probability of more innocent investors reaching the Noticee is still very high. Therefore, the threat of investors getting lured towards the unregistered activities offered by the Noticee in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by the Noticee is approximately Rs. 1.27 crores and indicates the magnitude of the prospective threat to

the investors. Therefore, even today, investors can become prey to the unregistered services offered by the Noticee. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte* order against the Noticee for preventing it from collecting funds by defrauding investors and by indulging in unauthorized investment advisory and portfolio management services without obtaining the mandatory registrations from SEBI in accordance with the law. As the Noticee is still reachable, the balance of convenience demands the preventive measure of stopping the collection of money in the bank account of the Noticee from investors. The same can be effectively achieved by an appropriate direction of stopping the credit into the bank account of Global Portfolio Management.

37. With the initiation of quasi-judicial proceedings, it is imminent that the Noticee may divert the money collected from the subscribers / clients as the Noticee and its proprietor have already evaded the jurisdiction of SEBI without receiving a certificate of registration from SEBI. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent the Noticee from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent the Noticee from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of the Noticee and also the interests of those who may fall prey to the unregistered investment advisory being carried out through the website created by the Noticee, the balance of convenience lies against the Noticee, which requires immediate action against it, including not to divert the money collected from the subscribers / clients / investors. Accordingly, an appropriate direction stopping the debit from the bank account belonging to Global Portfolio Management has been incorporated.

38. In view of the foregoing, pending enquiry post representation(s) received from the Noticee, if any, I, in order to protect the interests of investors and integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions:

38.1. Global Portfolio Management and its Proprietor Mr. Imran Khan are directed to:

38.1.1. Cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.

38.1.2. Cease and desist from acting as a portfolio manager including the activity of acting and representing through any media (physical or digital) as a portfolio manager, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.

38.1.3. Not to divert any funds collected from investors, kept in bank account(s) and/or in their custody until further orders.

38.1.4. Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.

38.1.5. Immediately withdraw and remove all websites, digital content, apps,

advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., in relation to their investment advisory activity, PMS activity or any other unregistered activity in the securities market until further orders.

38.16. Not to access the securities market, buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.

38.17. To provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.

38.2. Any person while working under Global Portfolio Management and Mr. Imran Khan in his capacity as Proprietor or otherwise, shall cease and desist from undertaking the activity of investment advisory or portfolio management services, including the activity of acting and representing through any media (physical or digital) as an investment advisor or portfolio management, directly or indirectly, till further orders.

38.3. ICICI Bank (account number 144105500779) and payment gateway Easebuzz, wherein Global Portfolio Management is holding an account, are directed not to allow any debits/ withdrawals from and credits to the said account, without the permission of SEBI. ICICI Bank and Easebuzz are directed to ensure that these directions are strictly enforced.

38.4. The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of Global Portfolio Management and its Proprietor Mr. Imran Khan, held jointly or severally.

38.5. The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including Mutual Fund units, held in the name of Global Portfolio Management and its Proprietor Mr. Imran Khan, jointly or severally, are not transferred or redeemed.

38.6. It is made clear that if Global Portfolio Management/ Mr. Imran Khan has any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. It is also clarified that Global Portfolio Management/ Mr. Imran Khan are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

39. The directions issued vide this Order shall take effect immediately. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Global Portfolio Management and its Proprietor Mr. Imran Khan in accordance with law.

40. This Order shall be treated as a Show Cause Notice and Global Portfolio Management and its Proprietor Mr. Imran Khan may show cause as to why the various representations made/ services offered by it in securities market may not be treated as a fraudulent practice/ act/ conduct, in terms of PFUTP Regulations, why the investment advisory plans floated by them should not be held as “Investment Advisory Services” in terms of the IA Regulations, why the portfolio management services offered by them should not be held as “Portfolio Management Services” in terms of the PMS Regulations and thereby their activities be treated as unregistered activity under the SEBI Act and relevant Regulations mentioned in this order.

41. Global Portfolio Management and its Proprietor Mr. Imran Khan are also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including directions for an appropriate period, for a prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for an appropriate period, directions not to be associated with any registered intermediary/ listed entity in the securities market, in any manner whatsoever, and why a direction to refund the amount collected from the investors/clients for its various plans/ services should not be issued against them under Sections 11 and 11B (1) of SEBI Act.
42. The, *prima facie*, observations contained in this Order are made on the basis of the material available on record. In this context, Global Portfolio Management and its Proprietor Mr. Imran Khan may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.
43. The above directions shall take effect immediately and shall be in force until further orders.
44. A copy of this order shall be served upon Global Portfolio Management, its Proprietor Mr. Imran Khan, ICICI Bank, Easebuzz, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Sd-

Date: August 04, 2020

MADHABI PURI BUCH

Place: Mumbai

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA