

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
INTERIM EX PARTE ORDER**

Under Sections 11(1), 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 and
Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003**

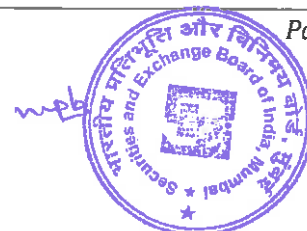
In respect of:

Sl. No.	Name of the Entity	PAN
1	Hybrid Research Advisory Services (Prop: Mr. Nikhil Kumar)	BBSPK1145A

In the matter of Hybrid Research Advisory Services

BACKGROUND

- Hybrid Research Advisory Services ("firm") is a sole proprietorship firm of Mr. Nikhil Kumar. Its registered address is, Office No. 23, Ground Floor, Orbit Mall, Indore, Madhya Pradesh – 452001, as mentioned in KYC of PayUMoney, while as mentioned in AOF of ICICI, its registered address is, 422, Jagjeevan Ram Nagar, Near Atal Dwar, LIG, Indore (MP).
- Securities and Exchange Board of India ("SEBI") received a complaint against Hybrid Research Advisory Services *inter alia* alleging the following:
 - Hybrid Research Advisory Services is a Indore based advisory firm.
 - Mr. Samir Soni, Mr. Amit Kumar Divedi and Mr. Jagdip Rajpal working for the firm had collected Rs. 1 lakh from the complainant for investment in share market.
 - Complainant was supposed to receive a profit of Rs. 7 lakh.



2.4. Subsequently, when the complainant tried reaching the aforesaid employees of the firm, their mobile phone is switched off.

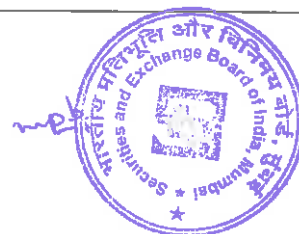
SEBI's EXAMINATION

3. In view of the complaint received and an inquiry received from the Vijay Nagar Police Station, Indore, seeking information about the firm, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by the firm. To that end the websites of the firm and particulars of its bank accounts and payment gateway were perused to gather information. SEBI's preliminary examination found as follows:

- 3.1. The firm has several websites, viz, www.hybridresearch.in, Jetresearch.co, Hybridresearch.co.in and Jetresearch.in. The first two web addresses are currently inactive. However, the webpages were retrieved from Google cache pages and from webarchive.org and are placed on record. Hybridresearch.co.in and Jetresearch.in, both direct to the same webpage (Jetresearch.in) and the website is currently active.
- 3.2. The firm held itself as an Investment Advisor and collected subscription fees from investors for providing stock recommendations without obtaining a registration under SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations").
- 3.3. Numerous credit transactions have been made in the bank accounts of the firm since May 16, 2019 (website creation date of hybridresearch.in). The total credit received in the various accounts maintained by the firm is approximately Rs. 3.85 crore.

Issues for Consideration and Prima Facie Findings

4. I have perused the materials available on record, archived information and current information available on the website and information obtained from various Banks and payment gateway. A preliminary examination of the material available on record was made in order to verify whether the firm has offered investment advisory services and has collected money from various investors without obtaining registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:



- 4.1. *Whether Hybrid Research Advisory Services is prima facie, holding itself out and / or acting as an investment adviser?*
- 4.2. *If answer to aforesaid issue is in affirmative, whether Hybrid Research Advisory Services has, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of PFUTP Regulations?*
- 4.3. *If answers to issue nos. (1) & (2) are affirmative, who are responsible for the violations?*
- 4.4. *If answer to issue no. 2 is in affirmative, whether urgent directions, if any, should be issued against those responsible for the prima facie, violations?*

Issue No. 1: *Whether Hybrid Research Advisory Services is prima facie, holding itself out and / or acting as an investment adviser?*

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

- 5.1. As per the information gathered from the website of the firm, the following claims are noted:

www.hybridresearch.in

- 5.1.1. *Hybrid Research Advisory Service is a team of expert analyst with vast experience in commodity market research. We provide recommendations commodities including bullion, agri and metals traded in MCX and NCDEX. Hybrid Research feels proud for the role we have played in enabling and empowering self-directed and non directed traders and investors for several years. Since years, our enduring individuals have put their trust in us to score incredible success rewards and personalized service that supports their needs and helps them define their own financial success. We have best SEBI investment advisor which gives you profitable call, so that you can earn much better than from other advisors.*
- 5.1.2. *Hybrid Research is SEBI registered firm in India...We are SEBI registered tips provider and provides you tips that will surely provide you a profit with proper target.*
- 5.1.3. *Hybrid Research, is SEBI registered investment advisory, in which top experts forecast market by product smartly, keeping risk factors into their mind with a view to make computation and earn profit in the pocket of investing customer.*



Jetresearch.co

5.1.4. *Jet Research is a SEBI (Security and Exchange Board of India) registered investment advisory firm, which follow all the norms made by SEBI for the investors protection. This difference from others make us more disciplined, experienced, skillful and quantitative to make you desired profit from financial market by providing recommendation on suitable segment as per your risk bearing capacity. Every individual's reason to invest and trade on their own fundamentals is unique.*

5.1.5. *Equity Cash*

We provide Equity Cash High accuracy Intraday & Positional call. All the calls given to you are well researched by certified Researcher & Analysts.

5.1.6. *Future & Options*

We provide Future & Options High accuracy Intraday & Positional call. All the calls given to you are well researched by certified Researcher & Analysts.

5.1.7. *HNI cash*

We provide HNI cash High accuracy Intraday & Positional call. All the calls given to you are well researched by certified Researcher & Analysts

Hybridresearch.co.in or Jetresearch.in

5.1.8. *Jet Research is India's one of the best stock advisory who caters & delivers best stock recommendation in Equity Market, Commodity Market.*

5.1.9. *We give the most reliable advices for letting your money to flow in right direction. We understand the uncertainty & every moves of stock market & all our highly skilled team who always keep updates to our clients by that they are able to take advantage of each of their trade & make more & more profit from stock market.*

5.1.10. *We have an excellent research team who provides genuine & most authentic research in Stock Market- Cash, F&O, traded in NSE, Commodity Market- Metal, Base Metal, Agri Commodity traded in MCX, NCDEX Exchange-tips. We help traders*



& investors by providing them deep research calls & research reports so that they can understand the market chaos & take benefits from complex market too.

5.1.11. We provide most authentic tips with 24/7 proper assistance & fast SMS/messenger facility. Here we fulfill your dreams to make money from stock market.

5.2. On a further perusal of the website, it is observed that the firm is providing several services in the cash and commodities segment of the securities market. Pricing of some of the services offered by the firm as per its website (www.hybridresearch.co.in/pricing.php) is as under:

Service Name	Pricing		
	Quarterly (Rs.)	Half Yearly (Rs.)	Yearly (Rs.)
a) Stock Cash	18,900	33,600	54,600
b) Metal Services	21,600	38,400	62,400
c) Option Call-Put	18,900	33,600	54,600
d) Energy Services	21,600	38,400	62,400

5.3. Some of the features of services provided by the firm, as observed from its website, www.hybridresearch.co.in, is as under:

5.3.1. Stock Cash: Service Features

- We will provide you 3-4 calls every day.*
- Proper entry and exit timing.*
- Calls via SMS, social platforms and phone.*
- Profit summary on regular basis.*

5.3.2. Stock Future Premium: Service Features

- There will be up to 1-2 trading calls on daily basis.*
- Important Global Market Updates.*
- Maximum 1 open position at a time.*
- Every call will have 2 targets and 1 proper SL.*
- Follow up messages on every call.*

5.4. It is further observed from an internet search of the particulars of hosting of the website of the firm, www.hybridresearch.in, based on its domain name that *prima facie*, the said website was hosted for the first time on May 16, 2019. From the complaint it is observed that the firm has bank accounts maintained with ICICI Bank



and Bank of India. Further, payments can be made to the firm through payment gateway, PayUMoney which is linked with the bank account maintained with Bank of India. The aforesaid bank accounts are in the name of the sole proprietor of the firm, Mr. Nikhil Kumar. The transactions observed in the abovementioned bank accounts are summarized as under:

Account Number & Bank	Period of Bank Statement	Date of last credit	Total Credits (Rs.)
004101575125 - ICICI Bank	16/5/2019 to 11/3/2020	9/3/2020	94,42,326
691310110001145 - Bank of India	16/5/2019 to 11/8/2020	5/8/2020	2,90,77,116
Total			3,85,19,442

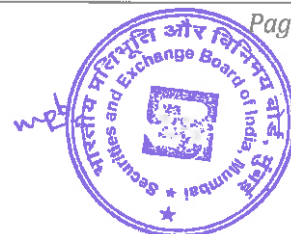
5.5. From the analysis of Bank statements, the following is observed:

5.5.1. The bank accounts are active.

5.5.2. The total credit received in the aforesaid accounts is approximately Rs. 3.85 crore during the period May 16, 2019 to August 11, 2020.

5.5.3. It is observed that there are numerous credit transactions / large number of payments received in the said bank accounts. From the narrative of the transactions, it appears that the payments have, *prima facie*, come from various investors / clients.

6. In light of the aforesaid discussions, I *prima facie* observe, from the contents of firm's website(s) wherein various services offered by the firm has been described, that Hybrid Research Advisory Services is *prima facie*, holding itself out as an investment adviser. Further, it is also *prima facie*, observed from the firm's webpages that it claims to be registered with SEBI as investment advisory firm. Moreover, it is noted that it offered various tips / services to its clients in the securities market through SMSs, social media platforms and phone including follow up messages on every call. Considering the above facts and circumstances, especially the content of the website(s) 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(s) of Hybrid Research Advisory Services.
7. In this factual context, I have perused the definition of Investment Adviser as given in regulation 2(m) of 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."

8. In light of the aforesaid definitions, it is observed from the contents of the website(s) of the firm that the firm is *prima facie*, holding itself out as investment adviser by offering to provide investment advice as defined under regulation 2(l) of IA Regulations by offering to give advice related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription. Further, as noted from the bank accounts that there are multiple credit entries which when seen together with the contents of the website(s) leads to the *prima facie* conclusion that the credit entries in the bank accounts are consideration for the investment advice given by the firm to its clients. Thus, *prima facie*, the firm is an investment adviser as defined under regulation 2 (m) of IA Regulations.
9. The fact that the firm, is claiming to be registered with SEBI to provide investment advisory services and offers various subscription packages in various segments of the market viz, equity, derivatives and commodity, when seen in light of the receipt of money in its bank accounts, *prima facie* shows, on preponderance of probability basis, that the credit of money is in fact the fee for the investment advisory services rendered by the firm. Therefore, the firm has not only held itself out as investment adviser but has also acted as an investment adviser for consideration.

Issue No. 2: *If answer to aforesaid issue is in affirmative, whether Hybrid Research Advisory Services has, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of PFUTP Regulations?*

10. In order to ensure that investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily



obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of 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:”*

Further, as per regulation 3(1) of 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”.*

11. The activities of the firm, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that Hybrid Research Advisory Services was holding itself out as an investment adviser and also has been acting as an investment adviser. However, no material is available on record to indicate that Hybrid Research Advisory Services or its proprietor, Mr. Nikhil Kumar in his individual capacity has a certificate of registration as investment adviser. In this context, it is noted that Hybrid Research Advisory Services and Mr. Nikhil Kumar in his individual capacity are not registered with SEBI in any capacity. The characteristics and features of the business activity carried out by Hybrid Research Advisory Services, as discussed in the preceding issue, *prima facie*, leads to the conclusion that Hybrid Research Advisory Services is holding itself out and acting as an investment adviser without a certificate of registration from SEBI. In my view, these activities/ representations of Hybrid Research Advisory Services are, *prima facie*, in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations.
12. Before proceeding further, I would like to refer to the provisions of Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI



Act”) and regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of 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:

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 manipulative, fraudulent or an unfair trade practice in securities market.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: -

*...
(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”.*

13. In my view, an unregistered investment advisor like Hybrid Research Advisory Services can put investors at great risk by misleading them. Without having a registered investment advisor certificate, Hybrid Research Advisory Services is holding itself out as an investment advisor and offers services through its website to investors with the objective of making money / collecting fees through subscriptions.
14. Moreover, from the website(s) of the firm it is noted that it claims to be registered with SEBI as an investment advisory firm which follows all the norms made by SEBI for investor protection. Thus, *prima facie*, it appears that Hybrid Research Advisory Services is knowingly concealing the fact that it is not registered with SEBI as an investment advisor and is also making representations knowing that it is false, thereby luring and inducing investors to deal in securities by availing its services.
15. Furthermore, the firm has claimed the following:
- 15.1. *“We are SEBI registered tips provider and provides you tips that will surely provide you a profit with proper target.*
- 15.2. *Under the subscription package, Stock Cash Premium, the firm has claimed that “we expect to get return of up to 2% to 3% of invested amount on every call.”*

Thus, by making the aforesaid claims, Hybrid Research Advisory Services is inducing investors to deal in securities by availing its services. Such modus operandi is being



continuously used by Hybrid Research Advisory Services which is evident from the fact that there are continuous credits in its bank accounts.

16. It is observed that the firm has claimed to provide a specific return on client's investment or to claim to make a sure profit, is *prima facie*, an active concealment of the material fact that every investment in the market is subject to market risk. Considering the dynamics of the market, the returns from the investment in the market are unpredictable, no matter how much and for how long the investment is made. Any information that the firm puts out for the consumption of its existing and prospective clients has to be done with great responsibility and should be of such nature that it enables investors to take reasoned and unbiased decisions regarding their investment. This act of conveying specific returns or certainty of profit, is *prima facie*, indulged for the purpose of luring customers in its net and thereby increasing its income. In light of the same, the act of the firm to actively conceal material information, is a non-genuine and a deceptive act and has been *prima facie* made with an intent to influence the client to avail its advisory services.

17. The above discussed omission and act of Hybrid Research Advisory Services are *prima facie*, fraudulent and are covered under the definition of 'fraud' defined under regulation 2(1)(c) of PFUTP Regulations which reads as under:

"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 behavior 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;

18. It is noted that *prima facie* fraudulent activities / conduct / act / practice of Hybrid Research Advisory Services as discussed above are *prima facie* in violation of in violation of provisions of Sections 12A (a), (b), (c) of SEBI Act and regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of PFUTP Regulations.

Issue No. 3: *If answers to issue nos. (1) & (2) are affirmative, who are responsible for the violations?*

19. I note that Mr. Nikhil Kumar is the sole proprietor of Hybrid Research Advisory Services. I note the legal status of the proprietary firm from the judgment of the Hon'ble Supreme Court of India in *Ashok Transport Agency vs. Awadhesh Kumar & another*, [(1998) 5 SCC 567] that "... A proprietary concern is only the business name in which the proprietor of the business carries on the business. . A suit by or against a proprietary concern is by or against the proprietor of the business...". Therefore, I find that Mr. Nikhil Kumar is liable for the acts of Hybrid Research Advisory Services.

Issue No. 4: *If answer to issue no. 2 is in affirmative, whether urgent directions, if any, should be issued against those responsible for the prima facie, violations?*

20. 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 and the IA Regulations have been formulated with the main objective of preventing fraudulent activities and regulating investment advisory activities to safeguard the interests of investors and hence registration of investment advisory 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. The same is imperative for the protection of interests of investors and to safeguard the

integrity of the securities market. 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.

21. In the instant case, Hybrid Research Advisory Services is soliciting and inducing investors to deal in securities market on the basis of investment advice, stock tips, intra-day calls etc., *prima facie*, without having the requisite registration / certification as mandated under the IA Regulations. 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 Hybrid Research Advisory Services through its proprietor, from collecting any more fees from the public and indulging in unauthorized investment advisory activities. It is noted from material available on record that the last transaction in the bank account of Hybrid Research Advisory Services is as August 5, 2020 (Bank of India). Moreover, the website of the firm, www.hybridresearch.co.in, is still active as on October 30, 2020. Furthermore, the details of the firm including its location, email (enquiry can be sent to the firm by an email) and telephone number are mentioned on its aforementioned website. Also, the very act of the firm to change its URL / website address, multiple times, *prima facie*, shows that the firm is trying to avoid regulatory detection and is determined in continuing its unregistered investment advisory activities. Therefore, the threat of investors getting lured towards the unregistered activity of Hybrid Research Advisory Services in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by Hybrid Research Advisory Services is Rs. 3,85,19,442/- and indicates the magnitude of the prospective threat to the investors.
22. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from the unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from registered investment advisor in consonance with the IA Regulations vis-



a-vis an investor who receives such service from unregistered investment adviser stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA regulations. An unregistered investment adviser has not satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of service from such persons is detrimental to investors and such unqualified service results in irreparable detriment 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 victim 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.

23. Further if an *ex-parte* order is not passed, many prospective investors may have to part away with large fees and investment resulting into 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 deployment of funds 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 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 entity.
24. 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 Hybrid Research Advisory Services from collecting any more funds from the public and indulging in unauthorized investment advisory activities. As noted in the preceding paragraphs, monies were being credited in the bank account of the firm as on August, 2020 and its bank accounts are still active. Moreover, the website of the firm is active. The same *prima facie* demonstrates that Hybrid Research Advisory Services can still lure investors to deal through it in the securities market and probability of investors reaching Hybrid Research Advisory Services is still high. Therefore, the threat of investors getting lured towards the unregistered activity of Hybrid Research Advisory Services in the securities market is still in existence and imminent.

25. The amount of money, *prima facie*, observed to have been collected by Hybrid Research Advisory Services is approximately Rs. 3.85 crore and indicates the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte* order against Hybrid Research Advisory Services and its proprietor for preventing them from collecting funds by defrauding investors and by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. As the website of the firm is active which *prima facie*, shows that the investors can reach it and also its bank accounts are active, the balance of convenience demands the preventive measure of stopping the collection of money in the bank accounts of the firm from investors. The same can be effectively achieved by an appropriate direction of stopping credit into the bank account of the firm. As Hybrid Research Advisory Services and its proprietor have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that Hybrid Research Advisory Services and its proprietor have to be prevented from diverting the funds collected from the investors through the fraudulent and unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank account of the firm has been incorporated and its proprietor have been incorporated.
26. With the initiation of quasi-judicial proceedings and given the fact that Hybrid Research Advisory Services and its Proprietor has evaded the jurisdiction of SEBI by undertaking



unregistered investment advisory services, it is imminent that the firm and its proprietor may divert the money collected from the subscribers / clients. 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 firm and its proprietor from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent them 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 firm and its proprietor and also the interests of those who may fall prey to the unregistered investment advisory by reaching the firm through email or telephone, the balance of convenience lies against the firm and its proprietor, which requires immediate action against them including not to divert the money collected from the subscribers / clients / investors.

ORDER

27. In view of the above, pending conclusion of enquiry on granting of hearing opportunity as per this Order, to Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar, I, in order to protect the interests of investors and integrity of the securities market, 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:

27.1. Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar are directed to:

27.1.1. *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.*

27.1.2. *Not to divert any funds raised from investors, kept in bank accounts and/or in their custody until further orders.*



- 27.1.3. *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.*
- 27.1.4. *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
- 27.1.5. *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- 27.1.6. *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.*
- 27.1.7. *To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.*
- 27.2. *If Hybrid Research Advisory Services or its proprietor 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. Hybrid Research Advisory Services and its proprietor 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.*
- 27.3. *ICICI Bank Ltd. (A/c no.: 004101575125) and Bank of India (A/c no.: 691310110001145), wherein Hybrid Research Advisory Services is holding an account, are directed not to permit any debits / withdrawals and not to allow credits, without the permission of SEBI. PayUMoney where Hybrid Research Advisory Services is holding an account, is directed to deactivate the said account. The Banks and payment gateway are*



directed to ensure that all the above directions are strictly enforced. and payment gateway,

- 27.4. *The Depositories are directed to ensure that till further directions not to permit any debits and not to allow any credits in the demat accounts of Mr. Nikhil Kumar held jointly or individually.*
- 27.5. *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 Hybrid Research Advisory Services are not transferred or redeemed. Further, Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including mutual fund units, held in the name of Mr. Nikhil Kumar held jointly or individually, are not transferred or redeemed*
28. This Order shall be treated as a Show Cause Notice and Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar are show caused as to why the various representations made/ services offered by Hybrid Research Advisory Services 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 Hybrid Research Advisory Services should not be held as "Investment Advisory Services" in terms of the IA Regulations and thereby the activity of Hybrid Research Advisory Services be treated as unregistered activity under the SEBI Act and relevant Regulations.
29. Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar 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 to prohibit them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever, should not be issued against them. Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar are also show caused as to why they should not be directed to refund, jointly and severally, the fees collected from the investors/clients for



its unregistered investment advisory activities under Sections 11 and 11B (1) of SEBI Act, should not be issued against them.

30. The *prima facie*, observations contained in this Order are made on the basis of the material available on record. In this context, Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar may, within 21 days from the date of service of this Order, file 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.
31. The above directions shall take effect immediately and shall be in force until further orders.
32. A copy of this order shall be served upon Hybrid Research Advisory Services and its proprietor, Mr. Nikhil Kumar, ICICI Bank and Bank of India, PayUMoney, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Date: December 7, 2020

Place: Mumbai



madhabi puri buch

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

