

**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 and Regulation 35 of Securities and Exchange Board of India (Intermediaries)
Regulations, 2008**

**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:

S. No.	Name of the Entity	PAN
1	Mr. Mudassir Hasan, Proprietor Alliance Research	AGDPH7770D

In the matter of Alliance Research

-
1. Mr. Mudassir Hasan, Proprietor Alliance Research (hereinafter referred to as the “**Alliance Research**”) is registered as an Investment Adviser (“**IA**”) under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the “**IA Regulations**”) with effect from April 16, 2015 under SEBI registration number is INA000002934. Alliance Research is a proprietorship firm and its proprietor is Mr. Mudassir Hasan. The registered office of Alliance Research is at “*Chandrika Tower, 3rd Floor, Model Road, Napier Town, Jabalpur Madhya Pradesh*”. Its website address is <https://www.allianceresearch.in/>.
 2. SEBI conducted an inspection in relation to the affairs of Alliance Research during February 11-15, 2020 at the registered address of Alliance Research to ascertain possible violation, if any, of the provisions of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and rules and

regulations made thereunder. During the inspection, the statement of examination on oath of Mr. Mudassir Hasan, proprietor of Alliance Research was recorded on February 13, 2020.

SEBI's Inspection:

3. During the inspection, data regarding clients was sought on sample basis. The 46 clients were shortlisted on the basis of complaints received on SCORES, highest fees received by Alliance Research and clients selected on random basis. Based on inspection / examination of documents / information provided by Alliance Research, SEBI *prima facie* found that Alliance Research, proprietor Mr. Mudassir Hasan;

3.1. had not carried out risk profiling and suitability assessment of client as per the provision of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”);

3.2. had not charged fair and reasonable fee from clients as per the provision of IA Regulation.

Alliance Research, proprietor Mr. Mudassir Hasan had *prima facie* violated the provision of IA Regulations and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”)

CONSIDERATION & PRIMA FACIE FINDINGS

4. I have perused the material available on record regarding risk profiling and suitability assessment of client and fee charged / received from clients. In this context, *prima facie*, the following issues arise for determination:

4.1. **Issue No. 1:** *Whether Alliance Research has, prima facie, violated any provisions of IA Regulations?*

4.2. **Issue No. 2:** *Whether Alliance Research has, prima facie, violated any provisions of SEBI Act read with PFUTP Regulations?*

4.3. **Issue No. 3:** *If answers to Issue No. 1 & 2 is affirmative, who is responsible for the violations?*

4.4. **Issue No. 4:** *If answer to issue no. 1 & 2 is in affirmative, whether urgent directions, if any should be issued against those responsible for the violations?*

5. Before moving forward, it is appropriate to refer to the relevant provisions of SEBI Act, IA Regulations and PFUTP Regulations:

5.1. **SEBI Act, 1992**

“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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;”*

5.2. **IA REGULATIONS:**

Regulation 15(1) *An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.*

Regulation 15(9) *An investment adviser shall abide by Code of Conduct as specified in Third Schedule:*

THIRD SCHEDULE

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

[See sub-regulation (9) of regulation 15]

CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and fairness: *An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.*

2. Diligence: An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

4. Information about clients: An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.

5. Information to its clients: An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

6. Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board, if any. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.

8. Compliance: An investment adviser including its representative(s) shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

Regulation 15(8):

An investment advisor shall follow Know Your Client procedure as specified by the Board from time to time”

Regulation 16: Risk profiling:

Investment adviser shall ensure that:

- (a) it obtains from the client, such information as is necessary for the purpose of giving investment advice, including (i) age; (ii) investment objectives including time for which they wish to stay invested, the purposes of the investment ; (iii) income details; (iv) existing investments/ assets; (v) risk appetite/ tolerance; (vi) liability/borrowing details.
- (b) it has a process for assessing the risk a client is willing and able to take, including:
 - (i) assessing a client’s capacity for absorbing loss; (ii) identifying whether client is unwilling or unable to accept the risk of loss of capital; (iii) appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.
- (e) risk profile of the client is communicated to the client after risk assessment is done;

Regulation 17 Suitability:

Investment adviser shall ensure that,-

- (a) *All investments on which investment advice is provided is appropriate to the risk profile of the client;*
- (b) *It has a documented process for selecting investments based on client's investment objectives and financial situation;*
- (c) *It understands the nature and risks of products or assets selected for clients;*
- (d) *It has a reasonable basis for believing that a recommendation or transaction entered into: (i) meets the client's investment objectives; (ii) is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance; (iii) is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.*
- (e) *Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss*

5.3. **PFUTP REGULATIONS**

Regulation 2(1)(c):

“(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 ...”

Regulation 3. 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.*

ISSUE No. 1: *Whether Alliance Research has, prima facie, violated any provisions of IA Regulations?*

6. Risk Profiling and Suitability Assessment

6.1. Alliance Research does not have Product Suitability Policy:

6.1.1. As per Regulation 17 of IA Regulations, the IA should have documented process for selecting investments for its clients based on their investment objective and financial situation; IA should understand the nature and risks of products or assets selected for clients; IA shall have reasonable basis for believing that a recommendation meets client’s investment objective and the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance; IA shall have reasonable basis for believing that the client has the necessary experience and knowledge to understand the risks involved in the transaction; and the IA has to ensure that a

recommendation given to client is based on reasonable assessment that the risk reward profile of financial product is consistent with client's experience, knowledge, investment objective and risk appetite.

- 6.1.2. Alliance Research operates its advisory activities/business by selling advisory services in the form of packages. Some of the advisory services sold by Alliance Research are Stock Cash, Stock Cash PDP, HNI Cash, Index Future, Platinum Cash Pro, Alliance Jio Cash, Stock Options, Stock Future, SFPDF, Golden Sauda, Royal Future, Energy Premium Pack etc.
- 6.1.3. During the inspection, proprietor of Alliance Research, Mr. Mudassir Hasan was asked to provide details of nature and risks of products sold to clients, documented process for selecting investments based on client's investment objective and financial situation. Mr. Mudassir Hasan was also asked to provide suitability assessment policy/criteria to assess risk reward profile of financial product based on which the services are rendered to its clients
- 6.1.4. Mr. Mudassir Hasan, vide his statement dated February 12, 2020 *inter alia*, stated that Alliance Research does not have any policy of suitability assessment of advice provided to its clients and Alliance Research has not done any suitability assessment of its clients prior to offering its services through SMS.
- 6.1.5. It is noted that as per Regulation 17 of IA Regulation, Alliance Research is required to have the documented process for selecting investments based on client's investment objectives and financial situation. However, it is *prima facie* found that Alliance Research does not have any documented policy of suitability assessment of advice provided to its clients.
- 6.1.6. From the above, it is *prima facie* found that Alliance Research has sold its services to clients without knowing whether the services sold are suitable to respective clients as mandated under IA Regulations. It is also *prima facie* found that by selling services to clients without knowing the suitability of said services to respective clients, Alliance Research has not acted with due skill, care, diligence, honesty, fairly and in the best interest of its clients while selling products/services to its clients. It is also *prima facie* found the Alliance Research had failed to comply with the regulatory requirements relating to the requirement of suitability policy. In view of the same, Alliance Research

has *prima facie* (a) failed to provide the investment advice as per the risk suitability of clients in accordance with regulation 17 of IA Regulations; and (b) failed to abide by clauses 1, 2 and 8 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provision of Regulation 17 of IA Regulations and clauses 1, 2 and 8 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations.

6.2. KYC procedure, Risk Profiling and Suitability Assessment

6.2.1. As per Regulation 15(8) of IA Regulation, IA is required to follow Know Your Client (KYC) procedure as specified by the Board from time to time. As per Regulation 16 of IA Regulation, IA is required to obtain information about the client which includes age, investment objective, income details, existing investments, risk appetite, liabilities, etc. based on which the risk appetite of the client can be arrived at and the quantum of risk the investor would be able take to subscribe the services of Alliance Research. As per Regulation 17 of IA Regulation, Alliance Research is required to ensure that the investment advice provided to the client is appropriate to the risk profile of the client.

6.2.2. It is noted that during the inspection, out of 46 sample clients, some details with respect to 32 sample clients were provided. However, for the remaining 14 clients namely Jitendra Kumar Yadav, Shankar Prasad Roy, Ravi Agrawal, Dharmesh, Shivam, Shrikant Vaddi, Gopal Singh, Tahirpasha Zainolabdin, K V, Sircilla Thirumalesh, Yaseem Farha, Jagat Ram, Brendon and Justin SM, the KYC, Risk Profiling Form and Suitability Assessment were not provided.

6.2.3. Mr. Mudassir Hasan, vide his statement dated February 13, 2020 stated that the services to the said 14 clients have been provided without carrying out KYC, Risk Profiling and Suitability Assessment. Thus, it is *prima facie* found that Alliance Research has not done KYC, Risk Profiling and Suitability Assessment for aforesaid 14 clients.

6.2.4. Thus, from above it is *prima facie* found Alliance Research had provided the services to these 14 clients without carrying out KYC, Risk Profiling of clients and suitability assessment of services. It is also *prima facie* found that by not carrying out KYC, Risk

Profiling of clients and suitability assessment of services, Alliance Research has not acted with due skill, care, diligence, honesty, fairly and in the best interest of its clients while selling products/services to its clients. In view of the same, Alliance Research has *prima facie* (a) failed to carry out KYC requirements of clients in accordance with Regulation 15(8) of IA Regulations; (b) failed to carry out Risk Profiling of clients in accordance with Regulation 16 of IA Regulations; (c) failed to carry out risk suitability assessment of services provided to its clients in accordance with Regulation 17 of IA Regulations; and (d) failed to abide by clauses 1 and 2 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provision of Regulations 15(8), 16 and 17 of IA Regulations and clauses 1 and 2 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations.

6.3. Risk profiling and Non-communication of risk profile to clients:

6.3.1. As per Regulation 16 (a) and 16(b) of IA Regulation, IA is required to obtain information about the client which includes age, investment objective, income details, existing investments, risk appetite, liabilities, etc. for the purpose of determination and quantification of risk appetite of the client. As per clause 4 of code of conduct read with Regulations 15(9) of IA Regulations, IA is required to seek information from its clients about their financial situation, investment experience and investment objectives before providing them investment advice / services. As per Regulation 16(e) of IA Regulations, the IA is under obligation to communicate the risk profile of the client after risk assessment is done.

6.3.2. It is noted that Alliance Research has a Risk Profiling Questionnaire with 21 questions to determine / measure risk appetite / tolerance of the clients. Corresponding to each question, a set of answers has been stated. Each answer has been assigned a particular weightage. Depending on the response of the client, the total score of the client is calculated. The maximum total score is 27. Based on the response of the clients, assigned scores are given and risk appetite of the clients is assessed. Depending on the score, Alliance Research classifies the clients into following Risk Categories

Risk profiling questionnaire score	Risk category of client
7-12	Low
13-18	Medium
19-27	High

- 6.3.3. From the submission given at the time of inspection i.e. write up on the process followed for on-boarding clients, I note that the Alliance Research does not meet the client personally and all communications are exchanged through telephonic conversation and email communications. Alliance Research has further submitted that while carrying out client on-boarding exercise they only collect KYC documents like copies of Pan card, Aadhar card, id proof, address proof, passport size photograph through its WhatsApp number mentioned on its website.
- 6.3.4. During the inspection, out of 46 sample clients, Alliance Research had provided Risk Profile forms of 32 clients. For other 14 clients, Alliance Research had not provided proof of risk profiling, thus, it is prima facie observed that Alliance Research has not carried out Risk Assessment of said 14 clients. Therefore, in respect of those 14 clients, there is no evidence of having or sending the risk profile to the said clients. From the information/ documents submitted by Alliance Research for 32 clients, it is observed that for all the 32 clients, Alliance Research did not send the risk profile and risk assessment form to the client. The proof of communication of risk profile to such clients was also sought from Alliance Research. The same was not provided. There was no email/ dispatch proof available with Alliance Research. Thus, there is no proof of that Risk Profile forms were communicated to the 32 clients either.
- 6.3.5. Evidence of compliance of sending the completed risk profile form, can be considered if the completed risk profile forms have been signed by the respective clients. However, from the copies of risk profile statement/form of clients, it is noted that, the Risk Profile forms were not signed by clients and Alliance Research has a practice to crop the signature image of the client from his identity proof and place it electronically on the Risk Assessment Form. Therefore, the same cannot be considered for the compliance of requirement of sending the completed risk profile form.

- 6.3.6. Thus, the client has no means to know whether information related to him has been correctly included in his / her risk profile statement and whether the Risk Assessment Form correctly reflects the risk assessment of the client, if the risk profile statement is not sent to the client.
- 6.3.7. The risk profiling of the client is a crucial process. The investment advice sent to the clients need to be appropriate to the risk profile of the client. Since all the information for carrying out risk profiling are obtained through telephone conversation and whatsapp chats, it is all the more important to send the risk profile statement to clients and clients should be given a fair amount of time to revert or raise objection in case of any disagreement with the risk profiling statement.
- 6.3.8. Therefore it is *prima facie* found that from the 46 sample clients, Alliance Research has not carried out Risk Assessment of 14 clients and has not communicated risk profile form for 32 clients and Alliance Research had sold the products to its clients without following due procedure mandated under IA Regulations.
- 6.3.9. Thus, from the above it is *prima facie* found that Alliance Research has conducted risk profile for certain clients on phone / whatsapp and has not sent risk profile statements / forms to the clients; the clients has no means to know whether correct information related to them has been included in the risk profile statement or not and Alliance Research had sold the products to its clients without following due procedure mandated under IA Regulations. Thereby, Alliance Research has not acted with honesty, fairness and in the best interest of its clients; and has not made the adequate disclosures of relevant material information while dealing with its clients to its clients. In view of the same, Alliance Research has *prima facie* (a) failed to sent risk profile statements / forms to the clients in accordance with Regulation 16(e) of IA Regulations; and (b) failed to abide by clauses 1 and 5 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provision of Regulation 16(e) and clauses 1 and 5 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations.

6.4. Products meant for High Risk Bearing Clients Sold to Medium Risk Bearing clients:

6.4.1. As per the submission of Alliance Research following products / services offered to clients has been categorized as medium and high risk categories:

Products suitable for High Risk bearing Clients	Products suitable for Medium Risk bearing Clients
HNI Cash Platinum Cash pro Alliance Jio Alliance Combo Royal Future Platinum Future HNI Options Golden Sauda HNI Commodity	Stock Cash Stock Cash Premium Delight Package (SCPDP) Overnight Cash express Stock Future Stock Premium Delight Package (SFPDP) BTST/STBT Future Index futures Stock Option Package (OPTPDP) Index option Bullions, Base metals, Energy Bullions or Metals Energy Premium Pack

6.4.2. Upon analysis of products/services offered to various categories of clients vis-à-vis their risk profile for 32 sample clients, it is observed that Alliance Research has sold products/services which are meant 'High Risk' bearing clients to 'Medium Risk' and 'Low Risk' bearing clients. Details of 21 such clients are mentioned below:

Sl. No.	Name of the Client	Risk Category of the Client	High Risk Product/ Services Sold
1	Shiv Singh Godara	Medium	HNI Cash
2	Suresh Kumawat	Medium	Alliance Jio HNI Options
3	Naveen Kumar Parasar	Medium	HNI Cash
4	Aman Kumar Malik	Medium	HNI Cash Royal Future
5	N Kiran Kumar	Medium	HNI Option
6	Nandan Singh	Medium	HNI Cash
7	Ashok Kumar Singh	Medium	HNI Cash Royal Future

Sl. No.	Name of the Client	Risk Category of the Client	High Risk Product/ Services Sold
8	Vijay Mane	Medium	HNI Option Platinum Cash pro
9	Rajrattan	Medium	Royal future
10	Rajesh Gaonkar	Medium	Alliance Jio Cash
11	Venkata Rajesh Babu Evani	Medium	HNI Cash
12	Rohit Chandra	Medium	Alliance Jio Cash HNI Commodity Platinum Future Golden Sauda
13	Manoranjan Saha	Medium	Platinum Future
14	Zeherul Islam	Medium	Platinum Future
15	Soibam Gulpai Singh	Medium	Alliance Jio cash Platinum Future
16	Parasram Kolare	Low	Alliance jio cash Index option
17	Priya Thakur	Medium	Alliance jio cash
18	Bivekananda Madhu	Medium	HNI Cash
19	Anju Sharma	Medium	HNI Cash Alliance jio cash
20	Amit Kumar	Medium	HNI Cash
21	Banti	Medium	Royal Future Platinum Future

6.4.3. From the table mentioned at paragraph 6.4.1, the products / services namely, HNI Cash, Royal Future, Alliance Jio Cash, Platinum Future, etc. have been categorized as products suitable for ‘High Risk’ clients, however, the same were sold to ‘Medium Risk’ clients. From the risk profile form of the aforesaid clients, it is observed that, despite these clients have been categorized as ‘Medium Risk’ by Alliance Research itself, the IA has sold products meant for ‘High Risk’ clients. It is noted that as per Regulation 17 of IA Regulation, “*Investment Adviser shall ensure that all investments on which investment advice is provided is appropriate to the risk profile of the client*” i.e. IA is not allowed to offer high risk products to clients having medium risk appetite.

6.4.4. From the above, it is *prima facie* found that Alliance Research has sold products/services falling under its ‘High Risk Category’ to the clients falling under ‘Medium Risk Category’ and has not acted with due skill, care, diligence, honesty and

in the best interest of its clients while selling products/services to its clients. In view of the same, Alliance Research has *prima facie* (a) failed to provide the investment advice as per the risk suitability of clients in accordance with regulation 17 of IA Regulations; (b) failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon it under Regulation 15(1) of IA regulation; and (c) failed to abide by clauses 1 and 2 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provision of clauses 1 and 2 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations; Regulation 15(1) and Regulation 17 of IA Regulations.

6.5. Advisory Services Sold prior to Risk Profiling

6.5.1. As per regulation 17 of IA Regulations, the IA has to ensure that all investments on which investment advice is provided is appropriate to the risk profile of the client. During the inspection, from the documents / information obtained with respect to 46 sample clients, it is noted that Alliance Research had received advisory fees from its clients prior to assessing and communicating the risk profiling to the clients. On examination of 28 clients' risk profile forms vis-a-vis dates on which first payments were received, following observations are noted

Sl. No.	Client name	Date on which risk profile is done	Date of payment received from clients	Difference in days
1	Shiv Singh Godara	23-04-2019	08-04-2019	15
2	Suresh Kumawat	25-02-2019	07-02-2019	18
3	Naveen Kumar Parasar	27-09-2019	13-11-2018	318
4	Amit Kumar Kansal	28-06-2019	18-06-2019	10
5	Aman Kumar Malik	26-06-2018	12-06-2018	14
6	Ravi Kanubhai Rathod	03-05-2019	29-04-2019	4
7	N Kiran Kumar	17-06-2019	20-05-2019	28
8	Nandan Singh	16-05-2019	05-04-2019	41
9	Nitin Bhirgu	02-07-2018	30-05-2018	33
10	Deepak Anand	11-04-2019	09-04-2019	2

Sl. No.	Client name	Date on which risk profile is done	Date of payment received from clients	Difference in days
11	Ashok Kumar Singh	10-05-2018	24-04-2018	16
12	Rajrattan	25-07-2018	29-06-2018	26
13	Rajesh Gaonkar	10-04-2019	09-04-2019	1
14	Venkata Rajesh Babu Evani	28-05-2018	25-04-2018	33
15	Rohit Chandra	13-09-2019	23-08-2019	21
16	Ajay Mittal	21-09-2019	16-09-2019	5
17	Manoranjan Saha	30-08-2018	06-08-2018	24
18	Jerome Clive Cardoz	10-05-2018	24-04-2018	16
19	Zeherul Islam	10-10-2018	11-09-2018	29
20	Soibam Gulpai Singh	18-06-2019	13-06-2019	5
21	Rudra Vidhyadhar Joshi	20-10-2018	27-09-2018	23
22	Parasram Kolare	12-09-2019	31-07-2019	43
23	Priya Thakur	17-06-2019	21-05-2019	27
24	Gaurav Kaushik	09-05-2018	24-04-2018	15
25	Anju Sharma	07-08-2018	28-06-2018	40
26	Miftaiddin Jagirdar	05-03-2019	26-12-2018	69
27	Amit Kumar	09-01-2020	29-10-2019	72
28	Ravindra	19-02-2019	31-08-2018	172

6.5.2. It is observed from the above table that Alliance Research had sold its advisory products and collected fees from the clients, even before it had carried out the risk profiling for its clients. In some cases the difference between the date on which payment was received and risk profiling was done, was more than ten months. Thus, it is *prima facie* observed that the products had already been sold by the IA and advisory fees had been charged even before the risk profiling of the client was completed. It appears that the same has been done by Alliance Research to earn advisory fees / profits by selling products without caring for the needs of the clients.

6.5.3. Therefore, from the above it is *prima facie* found that the products sold by Alliance Research to its client's could be completely inappropriate to the clients' need, as the risk profiling has not been completed for the client before selling the product. Thereby, IA has not acted with due skill, care, diligence, honesty and in the best interest of its clients while providing investment advice appropriate to the clients' risk profile and had also failed to seek information from its clients about their

financial situation, investment experience and investment objectives before providing them investment advices / services.

6.5.4. In view of the same, Alliance Research has *prima facie* (a) failed to provide the investment advice appropriate to the clients' risk profile in accordance with regulation 17(a) of IA Regulations; and (b) failed to abide by clauses 1, 2 and 4 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provisions of Regulation 17(a) and clauses 1, 2 and 4 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations.

7. Unreasonable / Unfair Fees Charged from Clients:

7.1. As per clause 6 of code of conduct specified in third Schedule of IA Regulations, an investment adviser, advising a client may charge fair and reasonable fees, subject to any ceiling as may be specified by the Board, if any. I note that the examination has *prima facie* found the following instances of collection of unreasonable / unfair fee. The said instances relates to:

7.1.1. Unreasonable fee / disproportionate fees to the annual income/proposed investment

7.1.2. Locking in the clients by advance fee for sale of products

7.1.3. Arbitrary and unreasonable fee from the same client for the same service

7.1.4. Arbitrary and unreasonable fee from different clients for the same service

7.2. Unreasonable fee / disproportionate fees to the annual income/proposed investment:

7.2.1. Out of the 32 sample clients, it was observed that for clients mentioned at Sl. No. 1 to 19 in below mentioned table, Alliance Research has charged fees disproportionate to the annual income of the clients, as disclosed in the respective risk profile forms of the clients. Further, it was also observed that for clients mentioned at Sl. No. 1 to 17 in below mentioned table, Alliance Research has charged fees disproportionate to the proposed investment disclosed by clients in their risk profiling form.

Sl. No	Name of client	Fees received from client (Rs.)	Annual income as per RF form (Rs.)	Proposed investment by client as per RF form (Rs.)
1	Amit Kumar Kansal	1,77,000	1 to 5 Lakh	1 to 2 Lakhs
2	Amit Kumar	2,25,437	1 to 5 Lakh	1 to 2 Lakhs
3	Banti	3,37,000	1 to 5 Lakh	1 to 2 Lakhs
4	Naveen Kumar Parasar	3,60,143	1 to 5 Lakh	2 to 5 Lakhs
5	Anju Sharma	3,82,583	1 to 5 Lakh	1 to 2 Lakhs
6	Bivekananda Madhu	3,88,000	1 to 5 Lakh	Less than 1 lakhs
7	Soibam Gulpai Singh	4,71,886	1 to 5 Lakh	Less than 1 lakhs
8	Zeherul Islam	4,94,256	1 to 5 Lakh	1 to 2 Lakhs
9	Ajay Mittal	6,01,087	1 to 5 Lakh	1 to 2 Lakhs
10	Rohit Chandra	6,33,500	1 to 5 Lakh	1 to 2 Lakhs
11	Venkata Rajesh Babu Evani	6,41,212	1 to 5 Lakh	1 to 2 Lakhs
12	Rajesh Gaonkar	6,60,000	1 to 5 Lakh	2 to 5 Lakhs
13	Suresh Kumawat	6,72,936	5 to 10 Lakh	1 to 2 Lakhs
14	Vijay Mane	8,49,000	5 to 10 Lakh	2 to 5 Lakhs
15	Rajrattan	9,29,000	1 to 5 Lakh	1 to 2 Lakhs
16	Ashok Kumar Singh	10,55,156	1 to 5 Lakh	Less than 1 lakhs
17	Deepak Anand	11,06,401	5 to 10 Lakh	1 to 2 Lakhs
18	Miftaiddin Jagirdar	3,79,698	5 to 10 Lakh	
19	Jerome Clive Cardoz	5,00,675	5 to 10 Lakh	

7.2.2. Thus, from the above table, it is prima facie found that out of sample clients, Alliance Research has charged fees which are disproportionate to the annual income of 19 clients and proposed investment of 17 clients, respectively.

7.2.3. In order to determine the “reasonableness” of the fee charged by the Investment Adviser, I note that while no fixed standard can be devised to term whether the conduct of charging fee answers the test of reasonableness, it cannot also be stated that the reasonableness of the fee charged cannot be judged at all. The IA Regulations provides for the principle based determination of fee by the Investment Adviser indicating that such fees have to be fair and reasonable and the same can be tested as a violation of the Code of Conduct. What is reasonable in a particular circumstance may be the outcome of several competing factors which are relevant for such determination. While determining the reasonableness of the fee, the same has to be seen from the perspective

of various factors such as proportionality, uniformity etc. It is noted that Alliance Research has not been fair in its dealing with the clients as outlined above. I *prima facie* find that in view of the fee being disproportionate to the annual income and proposed investment of client, the fees are qualified as “unreasonable”.

7.3. Locking in the clients by advance fee for sale of products:-

7.3.1. It is further observed that Alliance Research has been selling the same advisory product/service to the client before the start of tenure of their earlier service i.e. before the beginning of the earlier service sold, same service has been sold to the same client again for future dates. It means that, two same services were sold with different service periods, while the fee for the second service was charged even before the start of first service. Therefore, if the client is dissatisfied/ doesn't want to continue after the first service then he did not have any option to discontinue with the services since the payment for both the services have been received from client in advance. Further, it was also observed that for the same service and duration and even from the same client arbitrary amount of advisory fees were charged. An illustrative instance of the client **Suresh Kumavat** is explained below:

Sl. no	Product/ service sold	Dates of payment	Service Start date	Service end date	Amount received (Rs)
1	Alliance Jio Cash	07-02-2019	18-02-2019	21-03-2019	5,900/-
2	Alliance Jio Cash	09-02-2019	29-03-2019	29-04-2019	12,980/-
3	Alliance Jio Cash	11-02-2019	12-06-2019	10-09-2019	38,900/-

7.3.2. From the above table, it is observed that, though Alliance Research has received amount for the services in the month of February 2019, the service Alliance Jio cash was sold for future dates. The amounts for the second and third service were charged even before the first service tenure was started. This in effect forces the investors to stay with the IA without any opportunity to sever their ties in case of dis-satisfaction

with its first service/product. This also in effect locks in the clients to continue with the services of the IA as the payment for the services have already been given. Further different fees were charged for same services for same client and for the same period of services. In the above case, first service was for about 1 month tenure and fees charged was Rs. 5,900/-. For the same service provided in subsequent months fees charged was Rs. 12,980/- and Rs. 38,900/- for a period of 1 month and 3 months respectively. It shows that disproportionate fees were charged from clients.

7.3.3. The Inspection has brought to light similar such instances as mentioned in the table below:

Name of the client	Product/ service sold	Dates of payment	Service Start date	Service end date	Amount received (Rs)
Naveen Kumar Parasar	HNI Cash	13/11/2018	19/11/2018	14/03/2019	4,130/-
	HNI Cash	14/11/2018	15/03/2019	09/03/2020	33,000/-
N Kiran Kumar	HNI Opt	28/05/2019	06/06/2019	29/06/2019	5,000/-
	HNI Opt	28/05/2019	04/07/2019	02/09/2019	15,000/-
Dipak Anand	HNI Cash	09/04/2019	20/12/2019	18/02/2020	57,501/-
	HNI Cash	10/04/2019	19/02/2020	15/04/2020	1,00,000/-
Venkata Rajesh Babu Evani	HNI Cash	25/04/2018	18/05/2018	18/01/2019	5,900/-
	HNI Cash	01/05/2018	01/02/2019	26/08/2020	23,600/-
Banti	Platinum Future	18/04/2018	01/10/2018	07/10/2018	1,00,000/-
	Platinum Future	19/04/2018	24/10/2018	31/10/2018	10,000/-

7.4. Arbitrary and unreasonable fee from the same client for the same service:

7.4.1. The above table demonstrates that apart from locking in the clients by charging advance fee for the sale of same product, the instances of arbitrary and unreasonable fee from the same client for the same service is also noted. For instance, regarding the client Naveen Kumar Parasar, the first service was for 4 months tenure and fees charged was Rs. 4,130/-. For the same service provided fees charged was Rs. 33,000/- for a period of 1 year. It shows that disproportionate amount of fees was charged

from clients. In the case of client Dipak Anand, the first service was for 2 months tenure and fees charged was Rs. 59,501/-. For the same service provided in subsequent months fees charged was Rs. 1,00,000/- for a period of 2 months i.e. almost double the amount of fees for same service. It shows that disproportionate amount of fees was charged from clients.

7.5. Arbitrary and unreasonable fee from different clients for the same service:

7.5.1. Further, it is also noted that Alliance Research had charged arbitrary amount of fees from different clients for the same service. The details in this regard are as under:

Amount in Rupees

Service & period	Fees charged from different clients for same service.			
	Naveen Kumar Parasar	Dipak Anand	Ashok Kumar Singh	Venkata Rajesh Babu Evani
HNI Cash (1 Year)	33,000/-	-	-	-
HNI Cash (2 months)	-	1,00,000/-	-	-
HNI Cash (11 months)	-	-	12,980/-	-
HNI Cash (8 months)	-	-	-	5,900/-

7.5.2. It is difficult to discern why a service/ product should be sold in this way in the first instance. Such a pattern of charging fees can, in my view, qualify to be called as “unreasonable” and “arbitrary”. Similarly, if the test of proportionality is applied, the fees for the same service over a period should be proportional to the period. Though, the “reasonableness” can accommodate the commercial realities where “discounts” for longer commitment of the clients in terms of money and duration with the IA are extended, the same cannot be termed as “reasonable” where the clients commit to a longer relationship with the IA and still effectively pay more for their longer commitment.

- 7.6. Thus, from the above, I am of the *prima facie* view that fee charged by Alliance Research from its clients does not answer the test of “uniformity”. Hence, fee charged by Alliance Research from its clients are arbitrary and unreasonable.
- 7.7. From the above, it is observed that considering the annual income and/or proposed investment by the clients, Alliance Research had not charged fair and reasonable fees from its clients. Alliance Research has adopted dishonest business practices by making the client subscribe to multiple subscriptions to the same package on the same day / next day / soon thereafter and charging unreasonable and arbitrary fee for the same service/product. Further, for the same services and duration, Alliance Research had charged different arbitrary advisory fees from the same and different clients. These acts of Alliance Research are *prima facie*, meant to generate more and more service fees for itself and is clearly not in the best interests of the clients.
- 7.8. Thus, the services / packages sold by Alliance Research to its clients was not in a fair manner and was not in the interest of client; and Alliance Research did not exercise due skill, care, diligence and honesty in selling the product / services to its clients. It is *prima facie* found that Alliance Research has charged unfair and unreasonable fees from its clients and has not acted with due skill, care, diligence and honesty while charging advisory fees from the clients without having any regard to client’s best interest and the fiduciary capacity in which an IA is supposed to be associated with its client.
- 7.9. In view of the above, Alliance Research has *prima facie* (a) failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon him under Regulation 15(1) of IA regulation and (b) failed to abide by clauses 1, 2 and 6 of Code of Conduct of Schedule III read with Regulation 15(9) of IA Regulations. Thus, Alliance Research has *prima facie* violated the provision of clauses 1, 2 and 6 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations and Regulation 15(1) of IA Regulations.

ISSUE No. 2: Whether Alliance Research has, *prima facie*, violated any provisions of SEBI Act read with PFUTP Regulations?

8. In the instant matter, it is *prima facie* found that:

- 8.1. Out of 46 sample clients, Alliance Research has not carried KYC, Risk Profiling of clients and suitability assessment of services in respect of 14 clients and has sold products / services to said clients without undertaking KYC of clients, risk profiling of clients and suitability assessment of services.
- 8.2. Alliance Research has sold products to its clients which are not appropriate as per their risk profile. For instance, it has sold a high risk product namely “Alliance Jio Cash, HNI Commodity, Platinum Future and Golden Sauda” to Mr. Rohit Chandra who is a medium risk taker. The monthly charge for product HNI Commodity and HNI Cash is Rs. 35,000/- and Rs. 25,000/- respectively, however the monthly charge for product Index future and Stock cash is Rs. 5,500 and Rs. 6,500 respectively. It is noted that High Risk products are much more costly than Medium Risk products. Out of 32 sample clients, Alliance Research had sold high risk products / services to 21 Medium risk clients which are not suitable for them as their risk appetite.
- 8.3. Alliance Research had sold its advisory products and collected fees from the clients, even before it had carried out the risk profile for its clients. In some cases the difference between the date on which payment was received and risk profiling was done, was more than ten months.
- 8.4. Alliance Research has charged unreasonable amount of fees from clients, which is sometimes more than ten times of his annual income/ proposed investment.
Alliance Research had knowingly sold same services / packages to same clients on multiple occasion at different arbitrary price for future period.

9. As per Regulation 3 of PFUTP Regulation, no person (including an IA) shall directly or indirectly use or employ any scheme or device to defraud in connection with dealing in securities; or engage in any act, practice, course of business which operates as fraud or deceit upon any person (clients) in connection with any dealing in securities in contravention of the provisions of the Act or the rules and the regulations made there under.

10. The modus operandi adopted by IA discussed hereinabove, *prima facie*, shows that IA was actually not practicing investment advisory in the manner envisaged under the IA Regulations, which essentially would involve advising the client considering his/ her financial situation, risk appetite, financial goal, etc. However, it is *prima facie* found that IA is knowingly and in a deceitful manner:

- 10.1. selling products / services to its clients without undertaking of KYC of clients, Risk Profiling of clients and suitability assessment of services;
- 10.2. selling products to its clients which are not appropriate to their risk profile i.e. ‘High Risk Category’ product / services sold to ‘Medium Risk Category’ clients;
- 10.3. selling its advisory products and collecting fees from the clients before carrying out the risk profile of said clients;
- 10.4. charging fees from clients which is more than of their annual income/ proposed investment; and
- 10.5. selling same services / packages to same clients on multiple occasion at different arbitrary price for future period.

The above activities, *prima facie*, are the devices adopted by the IA to defraud its clients in connection with their dealings in the securities. Hence, IA is *prima facie* running a scheme and defrauding its clients, with an intention to maximize its income through advisory fees by employing above said devices, without caring for client’s needs and keeping its own interest ahead of its client’s interest.

11. Thus, the findings of the preliminary examination and the overall modus operandi discussed in this order, *prima facie*, shows that a scheme is knowingly employed by Alliance Research to defraud its clients in connection with their dealings in the securities and to maximize its revenue generation at client’s expense. Thus, the above discussed non-genuine and deceptive activities of IA are, *prima-facie* fraudulent and are covered under the definition of “fraud” under regulation 2(1)(c) of the PFUTP Regulations. Thus, Alliance Research through its fraudulent act / scheme as discussed above, has *prima facie* violated the provisions of Section

12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3 (a), (b), (c) and (d) of the PFUTP Regulations.

12. In summary, following *prima facie* findings are observed:

- 12.1. That Alliance Research has sold products / services to clients without knowing the suitability of said services for respective clients and has not carried out KYC, Risk Profiling of clients and suitability assessment of services. Alliance Research had conducted risk profile on phone and whatsapp and did not send risk profile statements / forms to the clients. Alliance Research has sold products/services falling under its 'High Risk Category' to the clients falling under 'Medium Risk Category'. Alliance Research has sold the product / services to its clients inappropriate to the clients' risk profiling and has not been completed risk profiling for the client before selling the product. Alliance Research had sold the services to a person for whom risk profiling was never done.
- 12.2. That Alliance Research has not been fair in its dealing with the clients. Despite knowing the annual income and/or proposed investment by the clients, Alliance Research had charged unreasonable, arbitrary and unfair fees from its clients. Alliance Research has adopted dishonest business practices by making the client subscribe to multiple subscriptions to the same package for future period before the start of first service period. Further, for the same services and duration, Alliance Research had charged different arbitrary advisory fees from the same and different clients.
- 12.3. That the above activities, *prima facie*, are the devices adopted by the Alliance Research to defraud its clients in connection with their dealings in the securities. Hence, Alliance Research is *prima facie* running a scheme and defrauding its clients, with an intention to maximize its income through advisory fees by employing above said devices, without caring for client's needs and keeping its own interest ahead of its client's interest.

ISSUE No. 3: If answers to Issue No. 1 & 2 is affirmative, who is responsible for the violations?

13. I note that Mr. Mudassir Hasan is the sole proprietor of Alliance Research. 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. Mudassir Hasan is liable for the acts of Alliance Research.

ISSUE No. 4: If answer to issue no. 1 & 2 is in affirmative, whether urgent directions, if any should be issued against those responsible for the violations?

14. An IA has to comply with all the provisions of IA Regulations which enables the IA to effectively discharge its functions in the interest of the investor. In all the aforesaid, Alliance Research has fallen short of requirements as envisaged under IA Regulations. Further, the intermediary should not abuse the certificate of registration granted to it, in any manner.
15. It is observed that the website of the IA is functioning and it is one of the medium via which new / prospective clients may subscribe to the services of the IA. As discussed in preceding paragraphs, the conduct of the IA has been *prima facie* found to be fraudulent in nature and is also in violation of IA Regulations, thus, it is imperative that the new / prospective clients are to be safeguarded from the activities of IA, which are *prima facie*, not as per the provisions of applicable laws.
16. As a regulator of the capital markets, SEBI has the duty to safeguard the interests of investors and protect the integrity of the securities market. Since the conduct of Alliance Research and its Proprietor Mr. Mudassir Hasan , mentioned above does not *prima facie* appear to be in the interest of investors and the securities market, necessary action has to be taken against it immediately, else it may lead to loss of investors' trust in the securities market. Considering the facts and circumstances of this case and the fraudulent scheme, plan, device and artifice

as *prima facie* found in this case, I am convinced that this is a fit case where effective and expeditious preventive and remedial action is required to be taken by way of ad interim ex - parte order to protect the interests of investors and preserve the safety and integrity of the securities market. Such action needs to be taken not only to prevent any further harm to the existing investors but also to new / prospective investor.

17. It has already *prima facie* been found that many of Alliance Research existing clients have been sold services without any consideration of their financial situation, investment objective and risk profiling. The selling of such plans goes against the customized advice which would be required based on the investors' risk profile. This requirement of risk profiling goes to the very root of suitability of investment advice as clients are required to get the investment advice based on their risk profile. Exposing the existing clients to such advice, which has no correlation to their risk profile, is against the interest of those investors. Thus, in order to prevent the existing as well as the prospective clients from getting such advice which has no correlation to their risk profile, urgent steps need to be taken against Alliance Research and its Proprietor Mr. Mudassir Hasan. Further, as discussed hereinabove, the very nature of the investment advisory activity being practiced by Alliance Research has been found to be *prima facie* fraudulent and in violation of the provisions of PFUTP Regulations and IA Regulations. In view thereof, allowing Alliance Research and its Proprietor Mr. Mudassir Hasan to continue its services to its clients, regardless of whether they have complained against Alliance Research or not, would tantamount to allowing the *prima facie* fraudulent investment advisory activity to continue, which will be inimical to the interests of clients and will also be in contravention of what has been envisaged under the IA Regulations.
18. It is noted that permitting an investor to receive a service from Alliance Research and its Proprietor Mr. Mudassir Hasan is *prima facie* not in consonance with the IA Regulations. Availing of Alliance Research service is detrimental even to the existing investors as Alliance Research and its Proprietor Mr. Mudassir Hasan is not acting in the best interest of its client but is only maximizing its revenue / income through fee. The acts of Alliance Research and its Proprietor Mr. Mudassir Hasan are not honest and fair towards its clients and give advice to investors which is not in accordance to their risk profile or as per their investment objective

or as per client's financial health. 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.

19. Further if an ex-parte order is not passed, many prospective investors may have to part with large fees and investment resulting into irreparable injury to themselves as the advice given by Alliance Research may not be as per their risk tolerance and the product offered to them may not be suitable as per their investment objectives and investment time horizon. 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 exparte 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. The potential loss of the investors by following the advice of Alliance Research and its Proprietor Mr. Mudassir Hasan and resultant loss of investor's confidence and reliability of securities market, cannot be retrieved, if, *prima facie*, Alliance Research and its Proprietor Mr. Mudassir Hasan is permitted to carry out its irregular investment advisory service. Therefore, I consider the balance of convenience is also not in favour of the entity.
20. I, therefore find that pending conclusion of enquiry in the matter, in view of the prima facie evidence against Alliance Research, it is also essential to take urgent steps to prevent Alliance Research and its Proprietor Mr. Mudassir Hasan from acting as an investment advisor and representing through any media as an investment advisor and securities market activities and 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..

21. Considering the above, in my view, the balance of convenience lies against Alliance Research and immediate steps needs to be taken against Alliance Research and its Proprietor Mr. Mudassir Hasan, to protect the investors / clients from freshly subscribing to or continuing to get such prima facie fraudulent / inappropriate / unsuitable investment advisory service by Alliance Research.

ORDER:

22. In view of the foregoing, pending conclusion of enquiry, in order to protect the interests of the investors and the integrity of securities market, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act and Regulation 35 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 hereby direct by way of this *interim ex-parte order*, the following directions, which shall be in force until further orders: -

22.1. *Alliance Research and its Proprietor Mr. Mudassir Hasan are directed:-*

- 22.1.1. *not to access the securities market and buy, sell or otherwise deal in securities or associates themselves with securities market, directly or indirectly, in any manner whatsoever or on behalf of any of its clients through their accounts;*
- 22.1.2. *to 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;*
- 22.1.3. *not to divert any funds raised from investors, kept in bank account(s) and/or in their custody;*
- 22.1.4. *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;*

- 22.1.5. *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;*
- 22.1.6. *to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., in digital mode or otherwise, in relation to its investment advisory activity or any other activity in the securities market;*
- 22.1.7. *to remove all contents from website immediately and display only the content in its website that SEBI has passed interim order dated January 06, 2021 reproducing the directions mentioned in paragraph 22 and submit copy of the relevant web page to SEBI within five working days from the date of the receipt of this order.*
- 22.2. *If Alliance Research or its proprietor Mr. Mudassir Hasan have any open position 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. Alliance Research or its proprietor Mr. Mudassir Hasan 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*
- 22.3. *The Depositories are directed to ensure, that they neither permit any debits nor any credits in the demat accounts held by Mr. Mudassir Hasan either individually or jointly.*
- 22.4. *The Registrar and Transfer Agents are directed to ensure, that they neither permit any transfer nor redemption of the securities, including Mutual Funds units, held by (a) Alliance Research and (b) Mr. Mudassir Hasan either individually or jointly.*
23. The *prima facie* observations contained in this Order, are made on the basis of the material available on record. In this context, Alliance Research and its Proprietor Mr. Mudassir Hasan may, within 21 days from the date of receipt of this Order, file their reply/objections, 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.

24. The above directions shall take effect immediately and shall be in force until further orders.
25. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Alliance Research and its Proprietor Mr. Mudassir Hasan in accordance with law.
26. A copy of this order shall be served upon Alliance Research and its Proprietor Mr. Mudassir Hasan, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

-Sd-

Date: January 06, 2021

Place: Mumbai

**MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**