National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/52906	Date: July 07, 2022
Circular Ref. No: 89/2022	

To All NSE Members

Sub: **SEBI Order in the matter of Trend Market Advisory Services**

SEBI vide its Order no. WTM/AB/SRO/SRO/17854/2022-23 dated July 07, 2022 has hereby debarred the below mentioned entities from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 6 (six) months from the date of this order or till the expiry of 6 (six) months from the date of completion of refunds to complainants/ investors as directed in paragraph 25(a) of SEBI Order, whichever is later.

Sr. No.	Name of the Entity	PAN
1	M/s. Trend Market Advisory Services	AAFFT3503J
2	Mr. NSK Chithanathan	ABJPC3376P
3	Mr. C. Senthilnathan	BAFPS0502P
4	Mr. C Vijai	Not available
5	Ms. S. Kokila	Not available

Further, the below mentioned entities are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 1 (one) year from the date of this order or till the expiry of 1 (one) year from the date of completion of refunds to complainants/ investors as directed in paragraph 25(a) of SEBI Order, whichever is later.

Sr. No.	Name of the Entity	PAN
1	Mr. C. Muralitharan	AFKPC7801E
2	Mr. C. Paranitharan	APWPP4519C

National Stock Exchange of India

The Order shall come into force with the immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Jayesh Solanki (Extension: 22404), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

National Stock Exchange of India

Annexure

SEBI Order in the matter of Trend Market Advisory Services

WTM/AB/SRO/SRO/17854/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In Respect of:

Sr. No.	Name of the Entity	PAN
1	M/s. Trend Market Advisory Services	AAFFT3503J
2	Mr. C. Muralitharan	AFKPC7801E
3	Mr. C. Paranitharan	APWPP4519C
4	Mr. NSK Chithanathan	ABJPC3376P
5	Mr. C. Senthilnathan	BAFPS0502P
6	Mr. C Vijai	Not available
7	Ms. S. Kokila	Not available

In the matter of unregistered investment advisory activities by Trend Market Advisory Services

(Aforesaid entities are hereinafter individually referred to by their respective name or Noticee number and collectively as "the Noticees".)

---

1. The present proceedings emanate from a show cause notice dated July 19, 2021 (hereinafter referred to as "**SCN**") issued by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") against Trend Market Advisory Services (hereinafter also referred to as "**TMAS**"), a partnership firm, and its partners Mr. C. Muralitharan, Mr. C. Paranitharan, Mr. NSK Chithanathan, Mr. C. Senthilnathan, Mr. C. Vijai and Ms. S. Kokila, as the unregistered investment advisor activities of the Noticees were *prima facie* found to be in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and Regulation 3 of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations, 2013**").

2. I note that the SCN alleges the following:

(i) SEBI received a reference dated 13.06.2019 from S Jansirani against Trend Market Advisory Services alleging that they have provided investment advice without the registration.

(ii) As per the reconstitution of partnership deed of M/s Trend Market Advisory Services dated 03.04.2010, KYC documents of M/s Trend Market Advisory Services submitted by HDFC Bank, ICICI Bank and Axis Bank the following were noted:

i. Trend Market Advisory Services (PAN: AAFFT3503J) is a partnership firm and incorporated on 20.04.2008. The address is No. 683, PTN. Complex, 2nd floor, Madurai Road, Tirumangalam. The contact numbers are 9880393384, 04549283939, 04549280686, 9843737855.

ii. First Partner is Shri N.S.K. Chithanathan (PAN: ABJPC3376P) S/o Shri N.S. Kandasamy Thevar with the profit / loss sharing percentage of 5%. The address is 20/22, Muthalamman Kovil Street, Thirumangalam. The email id is muralitharan@gmail.com

iii. Second Partner is Shri C. Paranitharan (PAN: AFKPC7801E) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 25%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

iv. Third Partner is Shri C. Senthilnathan (PAN: BAFPS0502P) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 2.5%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

v. Fourth Partner is Shri C. Muralitharan (PAN: AFKPC7801E) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 60%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

vi. Fifth Partner is Shri C. Vijai (PAN: not available) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 5%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

vii. Sixth Partner is Smt. S Kokila, (PAN: not available) W/o Shri G. Sankaran with the profit / loss sharing percentage of 2.5%. The address is 91/79, Virudhunagar Road, Thirumangalam, Madurai.

viii. First and second partners were carrying out the business under the name and style of Trend Market Advisory Services vide partnership deed dated 18.04.2008. First and second partners have decided to admit third, fourth, fifth and sixth partners in the firm.

ix. Bank accounts or accounts shall be opened in the name of the firm and shall be operated by C. Paranitharan and C. Muralitharan.

x. Any death or retirement of the partners, the firm shall not be dissolved. The firm shall be continued by admitting the legal heirs of the deceased partner.

xi. The provisions of the Indian Partnership Act, 1932 shall apply in respect of terms and conditions not specifically contained in this instrument.

xii. Shri N.S.K. Chithanathan is the authorized signatory and person authorized to operate the bank account of ICICI bank.

xiii. Shri C Paranitharan and Shri C Muralitharan are the authorized signatories and persons authorized to operate the bank account of Axis bank.

xiv. Shri C. Paranitharan, Shri C. Muralitharan and Shri N.S.K. Chithanathan are the authorized signatories and persons authorized to operate the bank account of HDFC bank.

(iii) From a print out of the web pages of the website www.trendmarket.in the following were noted:

a) Trend Market is a site which gives the technical analysis of Indian Stock Market. It has various products to offer to its visitors including live market chat, paid intraday calls, BTST, Swing Trading calls and Free Newsletter.

b) Trend Market has been promoted by a team of Professionally Qualified Analysts who are undisputed leaders in Index Forecasts *and Short Term Trading, with clear objective of providing Day Traders and Investors with some basic knowledge and guidance about trading through some highly affordable schemes.*

c) *At Trend Market, we can help you with the complete process of identifying a potential trade, entering into that trade, riding the trade and booking profits at the end of that trend.*

d) *Trend Market having strong research analysts, committed to provide more than 80% accurate intraday trading calls.*

e) *Quality is the major strength of Trend Market, committed to provide quality & sure shot trading tips to our clients.*

f) *Trend Market, strictly adhere to 100% reliable policy and past performance report updated here are 100% genuine.*

g) *Trend Market provides timely trading tips where in clients have enough time to enter into the calls and attain more gain in intraday swing.*

h) *Payment gateway details: CCAvenue*

i) *Bank details of Trend Market Advisory Services: a/c no. 618305005928 – ICICI bank, a/c no. 01232560001606 – HDFC bank and a/c no. 910020019163916 – Axis bank.*

j) *Sample investment advice packages mentioned in the website is given below:*

S.No.	Package	One Month Fee (in Rs.)
1	Equity Intraday Tips	5000
2	Stock Future Tips	5000
3	Short Term Delivery Tips	5000
4	Momentum Stock Future Tips	5000
5	Nifty Future Tips	5000
6	Stock Option Tips	5000
7	BTST Tips	5000
8	Momentum Stock Option Tips	5000
9	Stock Future + Nifty Tips	7500
10	Stock Future + Option Tips	7500
11	Total Call	15000

k) *Contact numbers 9047847165, 9843737855 and email ids are trendmarketindia@gmail.com and support@trendmarket.in*

(iv) It was observed from the above web pages of the website www.trendmarket.in that the Noticees have offered various packages for investment advisory. CCAvenue and three bank accounts viz., ICICI (a/c no. 618305005928), HDFC (a/c no. 01232560001606) and Axis (a/c no. 910020019163916) were used to receive the payments from clients. As on 19.04.2021, the website www.trendmarket.in is not functional.

3. The Noticees were asked to show cause as to why suitable directions, including refund of fees collected, debarment, non-association with listed entities, intermediaries, etc. be not issued against them under Sections 11(4) and 11B of the SEBI Act, 1992. The SCN was served on all the Noticees. The Noticees no. 2 and 3 filed their replies to the SCN vide their respective emails dated August 05, 2021. Noticees no. 4, 5, 6 and 7 filed their replies to the SCN vide their respective undated letters received by SEBI on August 06, 2021. The matter was placed before me on October 18, 2021. Following the principles of natural justice, the Noticees were granted an opportunity of personal hearing on January 13, 2022. On the scheduled date the Noticees no. 2 and 3 appeared on behalf of all the Noticees through video conferencing and made their submissions.

4. The submissions of the Noticees, *inter alia,* are as follows:

(i) **Noticees no. 2** and **3** have filed replies on similar lines, submitting as under:

i. As we were not aware of the rule to have SEBI certified investment advisor to run the advisory company, we shut down the website and closed all our business bank account as soon as we received the notice via email dated on 1st July 2019. Our sincere apologies to you for not disclosing the client details and account details as we shut down the server and closed the bank accounts at that time.

ii. As law obeying citizen and honest taxpayer, we stopped all the business activities like shutting down website www.trendmarket.in and closing company bank accounts as soon as we realized running the business without SEBI certified advisor is illegal.

iii. Regarding the partnership deed, included my father N.S.K. Chinthanathan, my brothers C. Senthilinathan and C. Vijay and my sister C. Kokila for the namesake and they don't have any direct or *indirect involvement in the business. My brother C. Paranitharan/C. Muralitharan and I are the sole responsibility of starting and running the business. I herewith request you not to involve them in any notice or legal proceedings, if any.*

iv. Also, the person named S. Jansirani, who raised the complaint against us was not our customer and we never sent any advisory SMS/call to her. This is purely a false allegation against us.

v. I again apologise to you for my ignorance of not having the SEBI registered advisor certification and I will obey to any action by you or settlement proceedings.

(ii) **Noticees no. 4** to **6** have filed replies on similar lines, submitting as under:

i. Regarding my partnership deed, my son/brother Mr. C. Paranitharan and C. Muralitharan included my name for the namesake, and I don't have any direct or indirect involvement in the business. My brothers Mr. C. Paranitharan and C. Muralitharan were the sole responsibility of starting and running the business. Even I have not received any monetary benefit out of their business. I herewith request you not to involve my name in any notice or legal proceedings, if any.

ii. As my brothers Mr. C. Paranitharan and C. Muralitharan were not aware of the rule to have SEBI certified investment adviser to run the advisory company. They shut down the website and closed all the business bank account as soon as they received the notice via email dated 1st July 2019. I also personally advised them not to do the business without meeting the compliance and the also adhered to the same.

5. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein and replies received in the matter and submissions made by the Noticees during the personal hearing.

6. In this regard I note that the definition of investment adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 is as follows:

   "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, Regulation 2(1)(l) states as follows:

   "investment advice means 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: Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"

7. I note that the Noticees have not contested that the website www.trendmarket.in was run by them. The website *inter alia* claimed as follows:

   a) Trend Market is a site which gives the technical analysis of Indian Stock Market. It has various products to offer to its visitors including live market chat, paid intraday calls, BTST, Swing Trading calls and Free Newsletter.

   b) Trend Market has been promoted by a team of Professionally Qualified Analysts who are undisputed leaders in Index Forecasts and Short Term Trading, with clear objective of providing Day Traders and Investors with some basic knowledge and guidance about trading through some highly affordable schemes.

   c) At Trend Market, we can help you with the complete process of identifying a potential trade, entering into that trade, riding the trade and booking profits at the end of that trend.

   d) Trend Market having strong research analysts, committed to provide more than 80% accurate intraday trading calls.

   e) Quality is the major strength of Trend Market, committed to provide quality & sure shot trading tips to our clients.

   f) Trend Market, strictly adhere to 100% reliable policy and past performance report updated here are 100% genuine.

   g) Trend Market provides timely trading tips where in clients have enough time to enter into the calls and attain more gain in intraday swing.

   h) Payment gateway details: CCAvenue

i) Bank details of Trend Market Advisory Services: a/c no. 618305005928 – ICICI bank, a/c no. 01232560001606 – HDFC bank and a/c no. 910020019163916 – Axis bank.

j) Sample investment advice packages mentioned in the website is given below:

S.No.	***Package***	***One Month Fee (in Rs.)***
1	*Equity Intraday Tips*	*5000*
2	*Stock Future Tips*	*5000*
3	*Short Term Delivery Tips*	*5000*
4	*Momentum Stock Future Tips*	*5000*
5	*Nifty Future Tips*	*5000*
6	*Stock Option Tips*	*5000*
7	*BTST Tips*	*5000*
8	*Momentum Stock Option Tips*	*5000*
9	*Stock Future + Nifty Tips*	*7500*
10	*Stock Future + Option Tips*	*7500*
11	*Total Call*	*15000*

k) Contact numbers 9047847165, 9843737855 and email ids are trendmarketindia@gmail.com and support@trendmarket.in

8. From the above, I note that the website www.trendmarket.in provided recommendations for trading in Indian Stock market. The website offered various products to its visitors including live market chat, paid intraday calls, BTST, Swing Trading calls and Free Newsletter. The website claimed to provide more than 80% accurate intraday trading calls. The website claimed to provide quality and sure shot trading tips to their clients. Further, the website claimed that they provide timely trading tips where in clients have enough time to enter into the calls and attain more gain in intraday swing. I note that the Noticees have not denied that they were providing investment advice but have submitted that they were not aware of the rule that one needs to have SEBI certification for acting as an investment adviser and to run advisory company. The Noticees have also submitted that they have shut down the website and closed all business bank account as soon as they received the notice vide email dated July 01, 2019 from SEBI.

9. Further, from the above, I find that the Noticees were running the website and receiving the consideration in lieu of the investment advice rendered on the website www.trendmarket.in. I note that as on April 19, 2021, the website www.trendmarket.in is not functional. From the web pages of the website, as

available on record, the details of few investment advice packages are as reproduced below:

S.No.	Package	One Month Fee (in Rs.)
1	Equity Intraday Tips	5000
2	Stock Future Tips	5000
3	Short Term Delivery Tips	5000
4	Momentum Stock Future Tips	5000
5	Nifty Future Tips	5000
6	Stock Option Tips	5000
7	BTST Tips	5000
8	Momentum Stock Option Tips	5000
9	Stock Future + Nifty Tips	7500
10	Stock Future + Option Tips	7500
11	Total Call	15000

10. I note that the Noticees have not contested the above mentioned investment advice packages and its pricing offered by them on the website www.trendmarket.in.

11. Further, I note that the investment advisory services were being offered on the website www.trendmarket.in in lieu of consideration. As per the website, payment could be made to CCAvenue and three bank accounts viz., ICICI (a/c no. 618305005928), HDFC (a/c no. 01232560001606) and Axis (a/c no. 910020019163916) of the Noticees. The account details are given below:

<table>
<tr><th>S. N.</th><th>Account holder</th><th>Bank Name</th><th>Bank A/c. No.</th><th>Authorised Signatory</th><th>Correspondence Address</th></tr>
<tr><td>1</td><td rowspan="3">Trend Market Advisory Services (Partnership firm) – Partners: NSK.Chithanathan, C.Muralitharan, C.Paranitharan, C.Senthilnathan, C.Vijai and S.Kokila</td><td>HDFC</td><td>01232560 001606</td><td>NSK.Chithanathan, C.Muralitharan and C.Paranitharan</td><td rowspan="2">Muthalamman kovil street, Thirumangalam, Madurai – 625706</td></tr>
<tr><td>2</td><td>ICICI</td><td>61830500 5928</td><td>NSK.Chithanathan</td></tr>
<tr><td>3</td><td>Axis</td><td>91002001 9163916</td><td>C.Paranitharan, C.Muralitharan</td><td>683, PTN complex, 2nd floor, opp. State Bank of India, Madurai road, Thirumangalam – 625706</td></tr>
</table>

12. From the transaction statements received from ICICI Bank, HDFC Bank, Axis Bank and CCAvenue, I note that a total of 210 credits transactions were made from different sources into the HDFC bank, Axis Bank and ICICI Bank accounts and CCAvenue payment gateway of the TMAS during the period from January 2013 to July 2019. The total credits received in the aforesaid

bank accounts is Rs. 10,52,100/-. The summary of transactions observed in the aforesaid accounts are tabulated as under:

Account Number & Bank	**Transaction period**	**Total Credits (Rs.)**	**No. of Credit Transactions**	**Last Credit Transaction date**	**Closing Balance**
CCAvenue credits to ICICI Bank (618305005928)	20.09.2018 to 05.07.2019	2,87,225	61	05.07.2019	N.A.
ICICI (618305005928)	31.12.2016 to 21.06.2019	4,09, 700	63	21.06.2019	20,589.88
Axis Bank (910020019163916)	28.01.2013 to 23.10.2017	1,68,925	43	23/10/2017	0
HDFC (01232560001606) (closed)	01.01.2013 to 22.05.2017	1,86,250	43	22/05/2017	0
	Total	**10,52,100**	**210**		

13. From the above, I note that the Noticees have received total fees of Rs. 10,52,100/- in its HDFC bank, Axis Bank and ICICI Bank accounts and CCAvenue payment gateway of TMAS. I note that vide SEBI letter dated July 01, 2019, the Noticees were asked to submit the details of activities carried out by TMAS. The Noticees vide email dated July 05, 2019 stated that they have stopped the investment advisory activity and closed the website permanently but did not provide the complete details of the number of clients and the fees collected. I note that the Noticees no. 2 and 3 have submitted in their replies that they are unable to disclose the client details and account details as they shut down the server and closed the bank account at that time. Further, I note that the Noticees have not disputed the aforesaid amount alleged to have been collected by them in the SCN and have also not contested that the aforesaid amounts deposited in the aforesaid bank accounts were for any other purpose. Therefore, I find that the amount of Rs. 10,52,100/- credit in the aforesaid bank accounts of the Noticees are treated as part of the fees received by TMAS, towards rendering investment advice.

14. From the aforesaid facts, I find that TMAS was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through its website, www.trendmarket.in *in lieu* of consideration. I note that, if an entity is engaged in providing 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 *in lieu* of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of 'Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations, 2013. I find that in terms of Regulation 2(1)(l) of IA Regulations, 2013, TMAS was providing "investment advice" through their website. As noted above, the proprietorship firm received Rs. 10,52,100/- in the bank accounts mentioned on its website for the investment advisory services provided by it. Hence, I find that these services were being offered by the Noticees *in lieu* of the consideration, as noted above. Therefore, I find that TMAS was engaged in the business of providing investment advice to its clients, for consideration, and thus, acting as an investment adviser, as defined under Regulation 2(1)(m) of the IA Regulations, 2013. From the discussion above, I further find that TMAS were holding themselves out to be Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations, 2013.

15. I also note that, it is imperative that any person carrying out investment advisory activities must necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 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:"

16. It is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations, 2013 has been framed by SEBI which provide various safeguards to ensure that the interest

of the investors who receive investment advice are protected. One such safeguard provided under the said Regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under regulation 3(1) of the IA Regulations, 2013, which, *inter alia*, provides that, 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 SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further safeguards provided under IA Regulations, 2013 include continued minimum professional qualification and compliance with net-worth requirement for acting as an investment adviser, prior disclosure of all conflicts of interest, prohibition on entering into transactions which are contrary to advice given to the clients at least for 15 days from the date of giving advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.

17. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy *inter alia* the following requirements, as provided under IA Regulations, 2013:
    - (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 alongwith requisite non-refundable application fee;
    - (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
        - a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or

any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;

c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.

(iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

18. The activities engaged in by TMAS, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that TMAS was holding itself out and was acting as an IA, although TMAS was not registered with SEBI in the capacity of IA. Hence, I find that these activities/ representations as were being made by TMAS without holding the mandatory certificate of registration as an investment adviser, are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.

19. Moreover, as stated above, SEBI Act, 1992 and IA Regulations, 2013 mandate that an investment advisor has to hold a certificate of registration to act as such. However, as already pointed out above, I find that TMAS was not

holding any certificate of registration from SEBI to act as an investment advisor.

20. I also note from the submissions made by the Noticees that it was Noticees no. 2 and 3 who were solely responsible for the unregistered investment advisory services provided through the website www.trendmarket.in. Further, that Noticees no. 4 to 6 do not have any direct or indirect involvement in the business. In this regard, I note that it is alleged in the SCN that as per the reconstitution of partnership deed of TMAS dated April 03, 2010, KYC documents of TMAS submitted by HDFC Bank, ICICI Bank and Axis Bank, the following were *inter alia* noted:

    (i) Trend Market Advisory Services is a partnership firm and incorporated on 20.04.2008. The address is No. 683, PTN. Complex, 2nd floor, Madurai Road, Tirumangalam. The contact numbers are 9880393384, 04549283939, 04549280686, 9843737855.

    (ii) First Partner is Shri N.S.K. Chithanathan (**Noticee no. 4**) S/o Shri N.S.Kandasamy Thevar with the profit / loss sharing percentage of 5%. The address is 20/22, Muthalamman Kovil Street, Thirumangalam.

    (iii) Second Partner is Shri C. Paranitharan (**Noticee no. 3**) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 25%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

    (iv) Third Partner is Shri C. Senthilnathan (**Noticee no. 5**) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 2.5%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

    (v) Fourth Partner is Shri C. Muralitharan (**Noticee no. 2**) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 60%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

    (vi) Fifth Partner is Shri C. Vijai (**Noticee no. 6**) S/o Shri N.S.K. Chithanathan with the profit / loss sharing percentage of 5%. The address is No. 20/22, Muthalamman Kovil Street, Thirumangalam.

    (vii) Sixth Partner is Smt. S Kokila (**Noticee no. 7**), W/o Shri G. Sankaran with the profit / loss sharing percentage of 2.5%. The address is 91/79, Virudhunagar Road, Thirumangalam, Madurai.

    (viii) First and second partners were carrying out the business under the name and style of Trend Market Advisory Services vide partnership deed dated 18.04.2008. First and second partners have decided to admit third, fourth, fifth and sixth partners in the firm.

(ix) Bank accounts or accounts shall be opened in the name of the firm and shall be operated by C.Paranitharan and C.Muralitharan.

(x) On death or retirement of the partners, the firm shall not be dissolved. The firm shall be continued by admitting the legal heirs of the deceased partner.

(xi) The provisions of the Indian Partnership Act, 1932 shall apply in respect of terms and conditions not specifically contained in this instrument.

(xii) Shri N.S.K. Chithanathan is the authorized signatory and person authorized to operate the bank account of ICICI bank.

(xiii) Shri C Paranitharan and Shri C Muralitharan are the authorized signatories and persons authorized to operate the bank account of Axis bank.

(xiv) Shri C Paranitharan, Shri C Muralitharan and Shri N.S.K. Chithanathan are the authorized signatories and persons authorized to operate the bank account of HDFC bank.

21. From the above, I note that it is Noticees no. 4 and 3 who started the partnership firm and then admitted Noticees no. 2, 5, 6 and 7 as partners in the firm. I note that though Noticees no. 2 and 3 are the authorised signatories and persons authorised to operate the bank account with Axis bank, Noticee no. 4 is the authorised signatory and person authorised to operate the bank account with ICICI Bank, which has the maximum amount of credits from clients. Further, Noticee no. 4, along with Noticees no. 2 and 3 are the authorised signatories and persons authorised to operate the bank account with HDFC bank. Therefore, contrary to the submissions made by the Noticees that Noticees no. 2 and 3 were solely responsible for the unregistered investment advisory services, I note that Noticee no. 4 also plays an important role in the business. Be that as it may, in view of the settled position in law that each partner in a firm is liable for the acts of the firm, jointly and severally, I find that all the Noticees, as partners of the partnership

firm i.e. TMAS, are liable for the unregistered investment advisory activities carried out by TMAS.

22. Further, as per Section 2(a), 4, 18 and 25 of Indian Partnership Act, 1932 and Section 27 of the SEBI Act 1992, every partner is liable, jointly with all the other partners and also severally, for all acts of the firm done while he is a partner. The relevant provisions are given below:

Section 2(a) of Indian Partnership Act, 1932
An 'act of a firm' means any act or omission by all the partners, or by any partner or agent of the firm which gives rise to a right enforceable by or against the firm.

Section 4 of Indian Partnership Act, 1932
Definition of "partnership", "partner", "firm" and "firm name": 'Partnership' is the relation between persons who have agreed to share the profits of a business carried on by all or any of them for all. Persons who have entered into partnership with one another are called individually 'partners' and collectively a 'firm' and the name under which their business is carried on is called the 'firm name'.

Section 25 of Indian Partnership Act, 1932
Liability of a partner for acts of the firm: Every partner is liable, jointly with all the other partners and also severally, for all acts of the firm done while he is a partner.

Section 27 of the SEBI Act 1992,
27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:
Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.
(2) Notwithstanding anything contained in sub-section (1), where contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the 171[contravention] and shall be liable to be proceeded against and punished accordingly.
Explanation : For the purposes of this section,—
(a) "company" means any body corporate and includes a firm or other association of individuals; and
(b) "director", in relation to a firm, means a partner in the firm.

23. In view of the above, all the Noticees i.e. Noticees no. 2 to 7 are responsible for the activities of TMAS. Therefore, Noticees no. 1 to 7 are in violation of

Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.

24. The Noticees in their ICICI (a/c no. 618305005928), HDFC (a/c no. 01232560001606) and Axis (a/c no. 910020019163916) bank accounts, which were in the name of 'Trend Market Advisory Services', had received Rs. 10,52,100/- during the period January, 2013 to July, 2019 through unregistered investment advisory activities as observed above. I also note that SEBI Order dated July 05, 2022 has been passed against Noticee no. 2 and 3, *inter alia* debarring them for a period of 6 months, for engaging in investment advisory services through the website www.capitaltarget.com without obtaining a certificate of registration from SEBI in violation of the provisions of Section 12(1) of SEBI Act, 1992 and Regulation 3(1) of IA Regulations, 2013. Hence, I note that this is a repeated violation by Noticees no. 2 and 3.

Directions:

25. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(4) and 11B read with of Section 19 of the SEBI Act, 1992, hereby direct that:

    a) The Noticees no. 1 to 7 shall within a period of three months from the date of coming into force of this order, jointly and severally, refund the money received from any complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

    b) The Noticees no. 1 to 7 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this order;

c) The repayments to the complainants/ investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;

d) The Noticees no. 1 to 7 are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticees, as directed in this order, from the bank accounts of the Noticees;

e) After completing the aforesaid repayments, the Noticees no. 1 to 7 shall file a report of such completion with SEBI addressed to the Division Chief, Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051, within a period of 15 days, after completion of three months from the coming into force of this order, duly certified by an independent Chartered Accountant and the direction at paragraph 25(d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;

f) The Noticees no. 1, 4, 5, 6 and 7 are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 6 (six) months from the date of this order or till the expiry of 6 (six) months from the date of completion of refunds to complainants/ investors as directed in paragraph 25(a) above, whichever is later.

g) The Noticees no. 2 and 3 are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 1 (one) year from the date of this order or till the expiry of 1 (one) year from the date of completion of refunds to complainants/ investors as directed in paragraph 25(a) above, whichever is later.

h) The Noticees no. 1 to 7 shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 25(f) and (g) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

26. The direction for refund, as given in paragraph 25(a) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

27. This order comes into force with immediate effect.

28. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Sd/-

Date: July 07, 2022 **ANANTA BARUA**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA