# National Stock Exchange of India

## Circular

| Department: Investigation | |
|---|---|
| Download Ref No: NSE/INVG/54953 | Date: December 21, 2022 |
| Circular Ref. No: 210/2022 | |

To All NSE Members,

**Sub**: **SEBI Order in the matter of M/s. Global Money Plant Financial Services**

SEBI vide its Order No. WTM/AB/WRO/WRO/22323/2022-23 dated December 21, 2022, has hereby debarred the following 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 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 25(a) and 25(e) of the circular, whichever is later.

| Sr. no. | Name of Entity | PAN |
|---|---|---|
| 1. | Global Money Plant Financial Services | AAOFG6256A |
| 2. | Mr. Sawan Yadav | AFPPY8023B |
| 3. | Ms. Julee Verma | AHTPV9500C |
| 4. | Mr. Sourabh Yadav | AGXPY9232H |

The order comes into force with 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.

# National Stock Exchange of India

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

Mr. Darshan M Bhandarkar (Extension: 23332), 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**

**ANNEXURE: SEBI Order in the matter of M/s. Global Money Plant Financial Services**

**WTM/AB/WRO/WRO/22323/2022-23**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**FINAL ORDER**

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

**In respect of:**

| Sl. No. | Name of the Noticee(s) | PAN |
|---|---|---|
| 1. | Global Money Plant Financial Services | AAOFG6256A |
| 2. | Mr. Sawan Yadav | AFPPY8023B |
| 3. | Ms. Julee Verma | AHTPV9500C |
| 4. | Mr. Sourabh Yadav | AGXPY9232H |

**In the matter of Unregistered Investment Adviser**

*(The aforesaid entities are hereinafter individually referred to by their respective names or Noticee number and collectively as "the Noticees".)*

1. The present proceedings emanate from a show cause notice dated July 31, 2021 (hereinafter referred to as "**SCN**") issued by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") to the Noticees. Noticee no. 1 is a partnership firm and Noticee nos. 2, 3 and 4 are partners therein. It was alleged that the Noticees were engaged in investment advisory services without obtaining a certificate of registration from SEBI 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(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations, 2013**").

2. The facts of the case, as mentioned in the SCN, are as follows:

   a. SEBI received a complaint dated September 13, 2020, against Noticee no. 1, stating that the Noticees had taken an amount of Rs. 81,000 from the complainant. The complainant attached payment acknowledgement from payment gateway EBS showing payment of the aforesaid amount by the complainant to the merchant website, globalmoneyplant.com.

b. It was observed that the Noticees provided investment advice through the website www.globalmoneyplant.com , which, as per the SCN, is no longer operational. From the archived webpages of the website www.globalmoneyplant.com, it was noted that the following was mentioned on the website:

   a) *Global Money Plant Financial Services is a multi-investment advisory firm, generates trading tip calls and carrying out operations in the Indian stock market and commodity market. We provide accurate, reliable and timely calls to our clients with proper follow up.*
   b) *Our Mission is to be a global corporation with effective resources for the respective community across the India and Globe.*
   c) *To become a reliable brand among the traders and to create an effective presence with growing clients across the India and around the world.*
   d) *We provide world class services such as Stock Tips, MCX Tips, Stock Futures, Nifty Futures, Commodity Tips, Mutual Fund Schemes, BSE & NSE recommendation to all our clients across India."*
   e) *Contact details as mentioned on the website are-*
   *Address: Indore*
   *Tel: 0731-3961640*
   *Email: support@globalmoneyplant.in*

c. From the archived webpages of the website www.globalmoneyplant.com, it was noted that various services were offered, *inter-alia*, which are mentioned below:

   - *Equity – Stock Cash Plant, Stock Future Plant, BTST/STBT Plant, Nifty Future Plant, Power Plant, Nifty Option Plant.*
   - *Premium Plans – HNI Commodity Plans, HNI Combo Plant, HNI Equity Plant.*
   - *Commodity – Commodity Plant, Bullion Metals Plant, Base Metal Plant,*

*NCDEX Plant, Energy Plant.*

- *Options – Stock Option Plant, Option Strategy Plant.*
- *Combo – Equity Combo Plant, Index F&O Plant, Agri Commodity Plant, Future & Option Plant.*
- *DSP BR Mutual Fund – DSP Micro Cap Fund, DSP BR Opportunities Fund.*
- *Reliance Mutual Fund – Reliance Growth Fund, Reliance Vision Fund, Reliance Small Cap Fund.*
- *SBI Mutual Fund – SBI Emerging Business Fund, SBI Magnum Global Fund, SBI Magnum Mid Cap Fund.*

d. Various pricing details of the services offered by the Noticees were given on the aforesaid website. For instance, the pricing for services ranges from Rs. 11,500/- per month for Power Plant to Rs. 4,80,000/- per year for HNI Combo Plant. Further, the payment could be made to accounts held with Axis Bank Ltd., ICICI Bank Ltd. and State Bank of India Ltd. Further, online payment could be made through payment gateway-EBS. The bank accounts mentioned on the website, are tabulated below:

| Sl. No. | Bank | Account Name | Account No. | IFSC Code | A/c. Type | Branch address |
|---|---|---|---|---|---|---|
| 1. | Axis Bank Ltd. | Global Money Plant Financial Services | 915020038912039 | UTIB0000043 | Current | 1, Kamal Palace, Yeshwant Niwas Road, Yeshwant Colony, Indore, M.P. – 452003. |
| 2. | ICICI Bank Ltd. | Global Money Plant Financial Services | 004105014386 | ICIC0000041 | Current | Malav Parisar, A.B. Road, Indore, M.P. – 452008. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3. | State Bank of India Ltd. | Global Money Plant Financial Services | 35275925570 | SBIN0030144 | Current | 140, A.B. Road, Phadnis Colony, Indore, Madhya Pradesh - 452001. |

e. EBS (now known as Ingenico ePayments India Ltd.) was asked to provide the details of the merchant "Global Money Plant" and merchant website: *www.globalmoneyplant.com*. The said details are given below:

| **Particulars** | **Details** |
|---|---|
| Company Name | Global Money Plant Financial Services |
| PAN no. | AAOFG6256A |
| PG Website | www.globalmoneyplant.com |
| Contact Person Name | Sawan Yadav/ Julee Verma |
| Email ID | samrat.yadav95@gmail.com,Julie.verma1986@gmail.com |
| Contact Person Mobile No. | 9977776566, 9826146174, 8357857043 |
| Business Address | 1494/11, Sarthak Bhawan, Near Panchseel Square, MR – 9, Indore, M.P. - 452001. |
| Date, Month & Year of Incorporation | July 17, 2015 |
| Products/ Services intend to sell online | Stock Advisory Services |
| Business Status | Partnership |
| Bank Details | Bank Name - ICICI Bank<br>Account No. - 004105014386<br>IFSC Code: ICIC0000041<br>Branch: Malav Parisar, A.B. Road, Indore, Madhya Pradesh – 452008. |

f. Ingenico ePayments India Ltd. also provided the partnership deed of Noticee no.1, executed amongst Mr. Sawan Yadav (Noticee no. 2), Ms. Julee Verma (Noticee no. 3) and Mr. Sourabh Yadav (Noticee no. 4) on June 22, 2015. As per the same, '*the profession/business of the partnership firm shall be that of providing advisory consulting services of all commodities, shares, Mutual Funds for trading, purchase and sale through stock market and complete planning of* *financial matters*' The transaction statement received from EBS showed that Rs.19,36,872/- were credited to the Merchant account of Global Money Plant Financial Services.

g. Account Opening Form (AOF) and KYC documents were also sought from State Bank of India Ltd., ICICI Bank Ltd. and Axis Bank Ltd. These documents showed that Global Money Plant Financial Services is a partnership firm and Mr. Sawan Yadav, Ms. Julee Verma and Mr. Sourabh Yadav were the partners thereof. Multiple credit transactions through EBS were seen in the bank account statements. Further details of credits in the account are as under:

| S. No. | Bank Name | Account Name | Account No. | Period of Statements | Account Status | Total Cr. (in Rs.) |
|---|---|---|---|---|---|---|
| 1 | Axis Bank | M/s Global Money Plant Financial Services | 915020038912039 | 11.08.15 to 02.08.18 | Closed | 3,48,571.30 |
| 2 | ICICI Bank | | 004105014386 | 12.08.15 to 23.07.18 | Closed | 25,79,891.14 |
| 3 | State Bank of India | | 35275925570 | 08.10.15 to 17.07.18 | Closed | 7,02,291.18 |

h. The SCN alleged that the above mentioned bank accounts were used for receipt of fees from various entities for the purpose of providing advisory services.

i. The SCN notes that Noticees were not registered with SEBI as an investment adviser. It was therefore alleged that Noticees were engaged in the activities of an 'investment adviser' as defined under Regulation 2(1)(m) of the IA Regulations, 2013, without obtaining registration from SEBI, as required under Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations, 2013, thereby violating the said provisions of the SEBI Act, 1992 and the IA Regulations, 2013.

j. The SCN had thus, called upon the Noticees to show cause as to why suitable directions under Sections 11(1), 11(4), and 11B (1) of the SEBI Act, 1992 should not be issued against them for the alleged violations.

3. The SCN was served on the Noticees vide Speed Post. However, no reply was received from the Noticees. In view of the same, the matter was placed before me on January 5, 2022 for granting personal hearing to the Noticees. The Noticees were granted an opportunity for personal hearing on April 07, 2022. The hearing notice dated February 16, 2022 was sent to the Noticees through speed post at all available addresses of the Noticees. The Noticees filed a common reply dated April 02, 2021. On the scheduled date of hearing, the Authorized Representatives of the Noticees appeared before me and made submissions on behalf of all the Noticees, reiterating the written reply. The Noticees also filed written submissions dated April 18, 2022 in the matter. The submissions of the Noticees, *inter alia*, are as follows:

   a. The complaint was made to SEBI after a delay of 5 years. The Noticees accept that they had received Rs. 81,000 from the complainant. However, they did not commit any fraud. They are not aware how the complainant transferred the said amount to their account. The Noticees have reached a compromise with the complainant and the Noticees paid the agreed amount to the complainant.

   b. The firm provided only tips/ information about market and conditions and economy in good faith with some of our relative/friends or some small investors, and hence, the Noticees were exempt from registration under Section 4(a) of the IA Regulations, 2013.

   c. The Noticees were unable to meet the net-worth and certification requirements and hence, after the coming into force of the IA Regulations, 2013, they stopped their activities step by step. They closed all advisory activities and shutdown their website and closed all of their bank accounts in 2017-18. The Noticees have not provided any investment advisory services to anyone afterwards.

   d. The firm was registered with the District Labour Office, Indore and regularly filed taxes. The firm has been dissolved in 2017-18 and in the three years after that except one compliant, no complaint has been received related to the advisory services. The partners are now working in jobs in private companies.

e. They charged a very small amount as fees and did not generate any material revenue from it.

4. Vide emails dated November 10, 2022 and November 18, 2022, the Noticees were advised to file any additional submissions in the matter, if any, within seven days of the receipt of the email, however, no response was received from the Noticees.

**Consideration of submissions and findings**

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

6. 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;"*

7. Further, Regulation 2(1)(l) of IA Regulations, 2013 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;"*

8. The website, being run by the Noticees, *inter alia,* claimed as follows:

- *Global Money Plant Financial Services is a multi-investment advisory firm, generates trading tip calls and carrying out operations in the Indian stock market and commodity market. We provide accurate, reliable and timely calls to our clients with proper follow up.*
- *Our Mission is to be a global corporation with effective resources for the respective community across the India and Globe.*
- *To become a reliable brand among the traders and to create an effective presence with growing clients across the India and around the world.*
- *We provide world class services such as Stock Tips, MCX Tips, Stock Futures, Nifty Futures, Commodity Tips, Mutual Fund Schemes, BSE & NSE recommendation to all our clients across India."*
- *Contact details as mentioned on the website are-*

    *Address: Indore*
    *Tel: 0731-3961640*
    *Email: support@globalmoneyplant.in*

9. From the above, I note that Noticees, through their website www.globalmoneyplant.com provided recommendations for trading in Indian securities and commodity market. It claimed to offer stock trading tips. Its website mentioned different segments for which it provided the tips, which included equity, futures, options and commodities.

10. I note that the Noticees have not contested the fact that the website www.globalmoneyplant.com was operational or that investment advice was being offered by them. However, the Noticees have submitted that they were exempt under Regulation 4(a) of the IA Regulations, 2013, as they provided only tips/ information about market and conditions and economy in good faith. In this regard, I note that Regulation 4(a) of the IA Regulations, 2013, states as under:

> ***"Exemption from registration.***
> *4.The following persons shall not be required to seek registration under regulation 3 subject to the fulfillment of the conditions stipulated therefor, —*
> *(a)Any person who gives general comments in good faith in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product;*
> *…."*

11. I note that while the Noticees have stated that they should be exempted from requiring registration, they have also stated that they could not meet the net worth requirement or pass the requisite certification examinations and hence wrapped up the advisory services. So, while on the one hand they have pleaded that they are exempt, on the other hand they have admitted that they were running advisory services which had to shut down when the registration criteria were not met with. It shows that Noticees were fully aware of the fact that they were engaged in investment advisory services for which they do not have certificate of registration from SEBI, as required under IA Regulations, 2013. Furthermore, from the details of the website of the Noticees, as noted in the SCN, trading tip calls were generated by them. As is evident, trading calls cannot be termed as '*general comments in good faith in regard to trends in the financial or securities market or the economic situation*.' Moreover, the website also stated that the firm provided accurate, reliable and timely calls to clients with proper follow up. I am of the view that the same could not be done via '*comments that do not specify any particular securities or investment product.'* Therefore, the activity of the Noticees in providing aforesaid investment advisory services are not covered under the exemption provided under Regulation 4(a) of the IA Regulations, 2013. Hence, the submission of the Noticees, in this regard, is not tenable.

12. The Noticees have also stated that they have settled the dues of the complainant and that the firm has been dissolved. In this regard, I note that settling of claim of the complainant does not absolve the Noticees of the liability for violation of securities laws. Moreover, factum of settling of the claim, is admission of the fact that Noticees were giving investment advice. In my view, these statements of the Noticees is a tacit admission that the investment advice was being offered through the aforesaid website.

13. I further note that the investment advisory services offered by the Noticees were in lieu of monetary considerations, and the Noticees have not denied the same. However, they have stated that these fees were very less and they did not make any substantial profit from the same. In this regard, I am of the view that the amount of fees charged is not material. Rather, I find that the submission of the Noticees is an

admission of the fact that they charged a fee from clients for rendering investment advice. I also note that three bank accounts, held respectively with Axis Bank, ICICI Bank and State Bank of India were mentioned on the website www.globalmoneyplant.com. As noted above, from the transaction statement received from EBS, it is observed that Rs.19,36,872/- were credited to the Merchant account of Global Money Plant Financial Services. Further, an amount of Rs.3,48,571.30/- was credited in the Axis Bank Account no. 915020038912039, Rs.25,79,891.14/- in the ICICI Bank Account no. 004105014386 and Rs.7,02,291.18/- in State Bank of India Account no. 35275925570 held by Global Money Plant Financial Services between August 2015 to August, 2018. Such amounts cannot be termed as immaterial by any stretch of imagination. The SCN has alleged that the accounts were used for receiving advisory fees and the Noticees have not denied the same.

14. From the SCN, I note that Mr. Sawan Yadav, Ms. Julee Verma and Mr. Sourabh Yadav were partners of Global Money Plant Financial Services, and the Noticees have also admitted the same. In this regard, I note that the relevant provisions of the Indian Partnership Act, 1932 are as under:

**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 18 of Indian Partnership Act, 1932**

*Partners to be agent of the firm: Subject to the provisions of this Act, a partner is the agent of the firm for the purposes of the business of the firm*

**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.*

15. Aforesaid provisions show that in the present case, Noticee nos. 2, 3 and 4 are responsible for the acts of Noticee no.1, and are liable for all the acts of the firm.

16. From the aforesaid facts, I find that Noticees were engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through their website, *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, Noticees were providing "investment advice" through the aforesaid website. 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. Hence, the partners, Noticee no. 2, Noticee no. 3 and Noticee no. 4 are liable for Noticee no.1 acting as an investment adviser without obtaining due registration. As noted above, the Noticees received Rs. 36,30,753.62 in the bank accounts mentioned on their website for the investment advisory services provided by them. Hence, I find that these services were being offered by the Noticees *in lieu* of the consideration, as noted above. Therefore, I find that Noticees were engaged in the business of providing investment advice to their clients, for consideration, and thus, acting as investment adviser/s, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

17. I also note that the SCN alleged that bank accounts held with Axis Bank, ICICI Bank and State Bank of India, mentioned on the website www.globalmoneyplant.com, were used for receipt of fees from various entities for the purpose of providing advisory services and the credits received in the said accounts were as follows:

| S. No. | Bank Name | Account Name | Account No. | Period of Statements | Account Status | Total Cr. (in Rs.) |
|---|---|---|---|---|---|---|
| 1 | Axis Bank | M/s Global Money Plant Financial Services | 915020038912039 | 11.08.15 to 02.08.18 | Closed | 3,48,571.30 |
| 2 | ICICI Bank | | 004105014386 | 12.08.15 to 23.07.18 | Closed | 25,79,891.14 |
| 3 | State Bank of India | | 35275925570 | 08.10.15 to 17.07.18 | Closed | 7,02,291.18 |

18. In their submissions made in these proceedings, the Noticees have not disputed the amount received in the above mentioned accounts for the advisory services provided by the Noticees. In view of the above, I find that the credits received in the abovementioned accounts i.e. Rs. 36,30,753.62, were towards fee for advisory services provided by the Noticees.

19. I also note that, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI 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:"*

20. 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 have 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.

21. 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:

    a. 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 along with requisite non-refundable application fee;

    b. 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:

        (i) 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;

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

(iii) 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.

c. 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.

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

23. 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 the Noticees were not holding any certificate of registration from SEBI to act as an investment advisor.

24. I note that in the case of Shri C. Paranitharan and Others and Trend Market Advisory Services, SEBI had passed orders dated July 05, 2022 and July 07, 2022, respectively, inter alia directing the Noticees therein to refund the fees or consideration received from investors in respect of their unregistered investment

advisory activities. In the respective appeals filed against these orders by the respective Noticees, Hon'ble SAT vide common order dated September 21, 2022 inter alia directed the appellants therein to deposit the balance amount after making refunds to investors, with SEBI. It was also directed that the balance amount deposited with SEBI shall be kept in escrow account for a period of one year and be distributed to any claimants and thereafter, the remaining amount, if any, will be deposited in the Investor Protection and Education Fund.

**Directions:**

25. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B read with of Section 19 of the SEBI Act, 1992, hereby direct that:

  a. The Noticees shall jointly and severally, within a period of three months from the date of this order, refund the money received from any clients/complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

  b. The Noticees 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 direction;

  c. The repayments to the clients/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. After completing the refund as directed in para 25(a) above, within a period of 15 days, the Noticees shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market

Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051. The report should be duly certified by an independent Chartered Accountant and indicate the amount, mode of payment by banking transactions, name of the parties, communication address, mobile numbers and telephone numbers etc.;

e. The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticees. Thereafter, remaining amount if any will be deposited in the Investor Protection and Education Fund maintained by SEBI;

f. The Noticees are restrained 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/ depositing balance amount with SEBI, 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 and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticees;

g. The Noticees 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 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 25(a) and 25(e) above, whichever is later;

h. Upon submission of report on completion of refunds to complainants/ investors to SEBI and deposit of the balance money with SEBI, if any, the direction at para 25(f) above shall cease to operate within 15 days thereafter;

i. The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 25(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 and depositing the balance amount with SEBI, as given in para 25(a) and 25(e) 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: December 21, 2022** **ANANTA BARUA**

**Place: Mumbai** **WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**