National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/57113	Date: June 15, 2023
Circular Ref. No: 151/2023	

To All NSE Members,

Sub: Order in the matter of unregistered investment advisory activities by Kabir Financial Services Pvt. Ltd. / Sayyed Shujauddin

SEBI vide its order no. WTM/AN/NRO/NRO/27304/2023-24 dated June 14, 2023, has hereby restrained following entities from buying, selling or dealing insecurities either directly or indirectly, in any manner whatsoever until further orders.

Sr. no.	Name of the entity	PAN
1.	Kabir Financial Services Pvt. Ltd.	AAICK9402B
2.	Sayyed Shujauddin	CZIPS9418M
3.	Farhat Perween	CUTPP6462J

Further, SEBI vide above order has directed that, if above entities have any open position in any exchange traded derivative contracts, as on the date of this Order, they can close out / square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier.

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 at the below mentioned link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

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 email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: Order in the matter of unregistered investment advisory activities by Kabir Financial Services Pvt. Ltd. / Sayyed Shujauddin

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
INTERIM EX-PARTE ORDER

UNDER SECTION 11(1), 11(4), 11B AND 11D OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

Noticee No.	Name	PAN
1.	Kabir Financial Services Pvt. Ltd.	AAICK9402B
2.	Sayyed Shujauddin	CZIPS9418M
3.	Farhat Perween	CUTPP6462J

*(The above entities are individually referred to by their corresponding names / numbers and collectively referred to as "**Noticees**")*

In the matter of unregistered investment advisory activities by Kabir Financial Services Pvt. Ltd. / Sayyed Shujauddin

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A. BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") received a complaint through an e-mail dated December 05, 2022 against Sayyed Shujauddin / Kabir Financial Services Pvt. Ltd., *inter-alia*, alleging the following:
   (a) That a "fake stock market advisor", Mr. Sayyed Shujauddin ("**Sayyed**"), is "running many private telegram channels and giving fake and fraud tips duping thousands of Indian citizens."
   (b) That three public telegram channels (https://t.me/kabir_banknifty, https://t.me/kabir_banknifty_options and https://t.me/masterkabir_banknifty) are run by Sayyed from where he advertises and cheats innocent people by taking "huge membership fees for providing stock market tips".

(c) That Sayyed has a company, namely, Kabir Financial Services Pvt. Ltd. ("**company**"), "to fool innocent citizens and to manage other people's accounts and provide stock market tips."

(d) That Sayyed has "duped thousands of members for crores of rupees."

2. Pursuant to this complaint, SEBI examined if the Noticees have *prima facie* engaged in offering investment advisory services through various Telegram channels without having relevant and necessary SEBI registration, thereby *prima facie* violating the provisions of Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**").

B. ALLEGED VIOLATION OF SEBI ACT, IA REGULATIONS AND PFUTP REGULATIONS

3. I have perused and considered the findings of preliminary examination and the material available on record. I find that essentially, the issue that *prima facie* requires to be addressed in the present matter is whether Noticees have offered investment advisory services and collected money from various investors without obtaining appropriate registration from SEBI. The possible provisions attracted in the present case are Section 12(1) of the SEBI Act; Regulations 2(1)(l), 2(1)(m) & 3(1) of the IA Regulations; and Regulations 3 (a) – (d), 4(1), 4(2)(k) & 4(2)(r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**") read with Section 12A of the SEBI Act. The text of the said provisions is reproduced below:

"<u>SEBI Act</u>

Registration of stock brokers, sub-brokers, share transfer agents, etc.

12. (1) 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:

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

12A. No person shall directly or indirectly -

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

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

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

IA Regulations

Definitions.

2. (1) ......

(l) "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;

(m) "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;

Application for grant of certificate.

3. (1) On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:

PFUTP Regulations

Definitions

***2. (1)** In these regulations, unless the context otherwise requires,-*

***(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; ...

3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

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

……

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

(r) knowingly planting false or misleading news which may induce sale or purchase of securities."

4. From the above, I note that to classify a person as Investment Adviser, the following two factors need to be determined:
   (i) *First*, the person should be providing investment advice and includes any person who holds out himself as an investment adviser, by whatever name called.

(ii) *Second*, such person is providing the investment advice for a consideration.

C. ACTIVITIES OF THE NOTICEES AND FEES COLLECTED

5. Based on the aforesaid complaint, as mentioned above, an examination was carried out by SEBI to examine the possible violations of provisions of the SEBI Act and IA Regulations by the suspected entities.

6. A search was carried out on the website of Ministry of Corporate Affairs ("**MCA**") wherein it was observed that Kabir Financial Services Pvt. Ltd. is incorporated on August 05, 2021, registered with RoC-Kanpur and its CIN is U74999UP2021PTC150184. As per details available on the said website, the directors of the company are Mr. Sayyed Shujauddin and Ms. Farhat Perween ("Farhat"). As per the material available on record, none of the Noticees are registered with SEBI in any capacity.

7. The examination also confirmed that the Telegram channels of the company referred to in para 1 of this Order, are indeed being run by Sayyed as the administrator. The examination further found that the channels are advertising and offering various securities market packages for providing calls / tips / securities related advise. In return for the said calls / tips / advise being given, fee is being collected from subscribers of various packages. The amount is being received in the bank accounts linked to UPI ID (8130720500@paytm) as well as other bank accounts of the Noticees. The bank accounts linked to the aforesaid UPI ID are in the name of Sayyed. As per material available on record, the Telegram channels continue to be active.

8. From the material available on record, I note that apart from the Telegram channels mentioned in the complaint, SEBI has come across two other Telegram channels (https://t.me/nifty_banknifty_options_Kabir and https://t.me/kabir_nifty_banknifty) during the course of preliminary examination. Even as on date, across all the five Telegram channels, the noticees are reaching out to around 1,40,000 subscribers.

9. To ascertain if the company/ Sayyed was providing investment advice for consideration, the chats in the said Telegram channels were examined. From such chats, it is observed that the company/ Sayyed is offering various packages for trading in securities market. The packages offered by the company / Sayyed in the chats are reproduced in the table below:

Table 1

S. No.	Package	Duration	Actual Price (INR)	Offer Price (INR)
1	Banknifty Buying Intraday calls	1 year	10,000	2,000
2	Banknifty Positional Calls	1 year	18,000	2,500
3	Stock Options Calls	1 year	9,799	2,200
4	Nifty Calls	1 year	9,499	1,900
5	BTST Calls	1 year	9,199	1,850
6	Banknifty Sell Calls	1 year	9,599	1,750
7	Cash Calls	1 year	8,999	1,000
8	Banknifty Positional Service	1 month	3,999	2,500
9	Banknifty Positional Service	2 months	6,999	3,500
10	Banknifty Positional Service	1 year	17,999	9,000
11	Nifty Calls	1 month	3,299	1,900
12	Nifty Calls	2 months	4,299	2,400
13	Nifty Calls	3 months	9,499	4,750

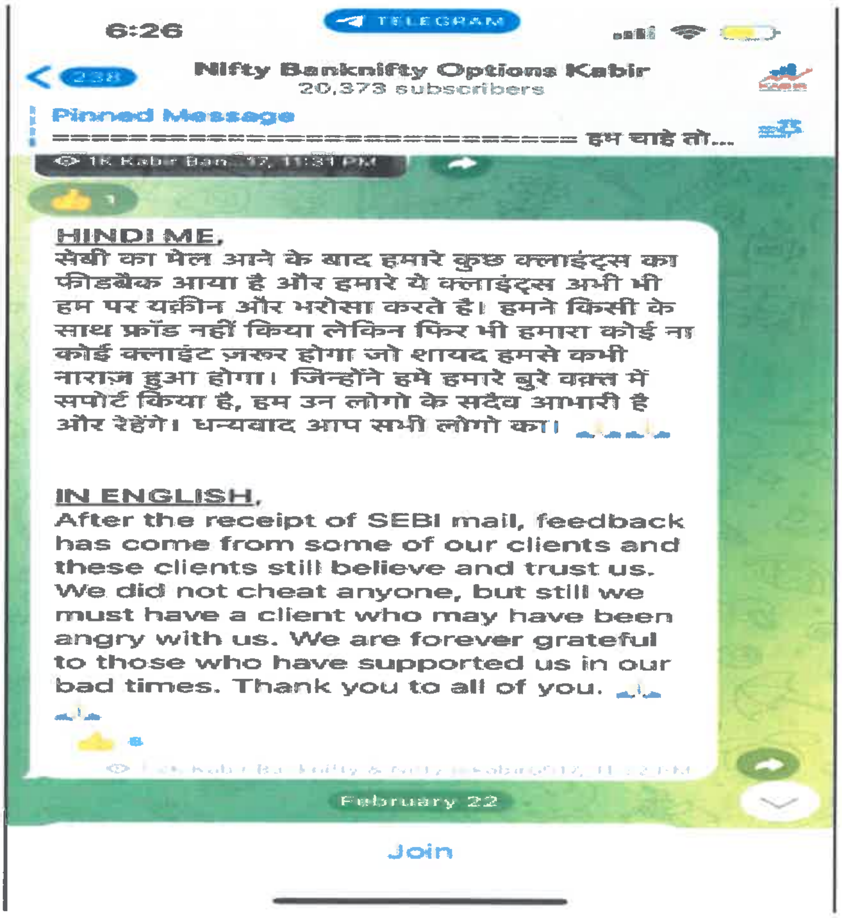
10. For the aforesaid packages, payment is being sought from clients in a UPI ID (8130720500@paytm). The said UPI ID was found to be linked to the bank accounts maintained by Sayyed with ICICI Bank (107005011143 and 107001523909) and HDFC Bank (50100396406410).

11. In addition to the aforesaid bank accounts, as per information available on MCA website, a bank account (003105039337) is also maintained in the name of the Noticee company i.e. Kabir Financial Services Pvt. Ltd. with ICICI Bank.

12. Also, ICICI Bank provided details of account (107001002750) maintained by Farhat Perween with them. However, *prima facie,* the said bank account does not appear to be mentioned in the Telegram channels for seeking fees in lieu of investment advice.

13. SEBI issued letter and e-mail dated February 13, 2023 to the company / Sayyed at the addresses / e-mail ID available in KYC documents received from Banks, Depositories and Exchanges along with information available at MCA website. Vide the aforesaid

letter / e-mail, SEBI sought additional information with respect to the *prima facie* unregistered investment advisory activities of the Noticees through various Telegram channels. However, no response was received from Sayyed / company. Upon perusal of the Telegram channels, it is observed that e-mail query sent by SEBI to the company / Sayyed was discussed in these channels. For reference, screenshot of one of the discussions is reproduced below:



14. In view of the above, a reasonable inference can be drawn that the communication sent by SEBI was received by the company / Sayyed and that they have failed to respond to the queries of SEBI.

15. Based on the details collected from banks, the following is observed:

Table 2

S. No.	Bank Account No.	Beneficiary Name	Bank Name	Total Credits from August 2021 (INR)	Date of last transaction (per bank statement till

					February 16, 2023)
1	3105039337	Kabir Financial Services Pvt. Ltd.	ICICI Bank Ltd.	6,46,98,992.44	11/02/2023
2	107001523909	Sayyed Shujauddin	ICICI Bank Ltd.	6,72,86,669.77	16/02/2023
3	50100396406410	Sayyed Shujauddin	HDFC Bank Ltd.	78,09,118.33	11/02/2023
4	107001002750	Farhat Perween	ICICI Bank Ltd.	72,24,075.01	16/02/2023
Total				**14,70,18,855.55**	

15.1 With respect to account statement of ICICI Bank account at S. No. 1 above, I note from the KYC documents provided by ICICI Bank that Sayyed and Farhat Perween were authorized by the company's Board Resolution dated August 10, 2021 to open and operate the said bank account. Also, I note that there were a total of 12,837 credit transactions amounting to a total of INR 6,46,98,992.44 from the date of opening of account in August 2021 to February 11, 2023. It is observed that UPI ID of the company (kabirfinancialservicespvtltd@icici) is publicized in the Telegram channels for collecting fees from clients / investors. Apart from credit transactions having clear narration and use of words such as Banknifty, Advise, Nifty, etc., I note that majority of the transactions in the said account were exactly same or similar to the packages offered by the company in the Telegram channels. As the said account is in the name of the company, given that the account contains thousands of credit entries for amounts advertised in the telegram channels, and given that no response has been received from the company, the preponderance of probability suggests that the said amounts have been credited towards the unregistered investment advisory services provided by the noticees.

15.2 With respect to account statement of ICICI Bank account at S. No. 2 above, I note that there were a total of 8,064 credit transactions amounting to a total of INR 6,72,86,669.77 from the date of opening of account in November 2012 to February 16, 2023. Apart from credit transactions having clear narration and use of words such as Banknifty, Advise, Nifty, etc., I note that majority of the transactions in the said account were exactly same or similar to the packages offered by the company in the Telegram channels. *Prima facie*, it is observed from the screenshots of messages provided by the complainant that investment advisory services were being provided since December 2020 on an older channel (https://t.me.kabir_banknifty) which is much earlier than the incorporation of the company. The screenshot is reproduced below for illustration:

15.3 Further, there were narrations in the credit entries in December 2020 of the said bank account with respect to investment advisory services. Some of the credit transactions are provided below:

Table 3

Date of Transaction	Narration	Amount Credited
29-12-2020	UPI/036462302516/For Banknifty/9999226915@ybl/ICIC	1500
01-01-2021	UPI/100119014100/Bank nifty call/afrid.balsara19/H	800
04-01-2021	UPI/100415058984/Premium/akondvilkar45@o/Bank of M	1000
06-01-2021	MMT/IMPS/100618435716/Banknifty/ M S Genius/Abhyuda	500

15.4 Therefore, *prima facie* it appears that the directors of the company may have been providing investment advisory services to the clients even before the incorporation of the company. Accordingly, all the credit entries in the said bank account from at least December 2020 are *prima facie* considered as fees for unregistered investment advisory services. Further examination / investigation may reveal such activities even prior to this period. Also, as the instant account is linked to the UPI ID being publicized in the Telegram channels for collecting advisory fees for various packages offered by the company, given further that there are thousands of credit entries for amounts similar to what was advertised, and that no response has been received from Sayyed, the preponderance of probability suggests that the said amounts have been credited towards the unregistered investment advisory services provided by the company and its directors. The total value of credit transactions from December 2020 till February 16, 2023 is INR 5,59,66,518 and the same can *prima facie* be considered as fees collected for unregistered investment advisory services.

15.5 With respect to account statement of HDFC Bank Ltd. at S. No. 3 above, I note that there were a total of 1,035 credit transactions from account opening in June 2021 to February 2023 amounting to INR 78,09,118.33. I note that there are large credit entries from ICICI Bank Account of Sayyed (107001523909) in this account and as observed in the aforesaid paragraphs, there were credit entries in the said account since December 2020 , *prima facie* as fees collected for unregistered investment advisory services. Further, as the instant account is linked to the UPI ID being publicized and used for collecting advisory fees for various packages offered by the company, given the large number of credits for amounts similar to the packages advertised, and given that no response has been received from Sayyed, the preponderance of probability is that the said amounts have been credited towards the unregistered investment advisory services provided by the company and its directors.

15.6 With respect to account statement of ICICI Bank at S. No. 4 above, I note that there were a total of 124 credit transactions amounting to INR 72,24,075.01 from date of opening of account in July 2021 to February 16, 2023. Upon perusal of the narrations in the credit entries, I note that *prima facie* only two transactions for an amount of INR 24,500 were having such narrations out of the aforementioned 124 credit transactions. As Farhat Perween is one of the two directors of the company and also authorized to handle the bank account of company (ICICI Bank Account No. 3105039337) in her capacity as director of the company, she is liable for the activities undertaken by the company. However, *prima facie* I note that this account of Farhat Perween neither appears to be publicized in the Telegram channels nor is linked to the aforementioned UPI ID publicized in the telegram channels. Therefore, at this stage, the amount credited in this bank account of Farhat Perween may not be considered for the purposes of calculating the fees collected by the Noticees. However, the credit entries appearing in this bank account of Farhat Perween will need further detailed examination.

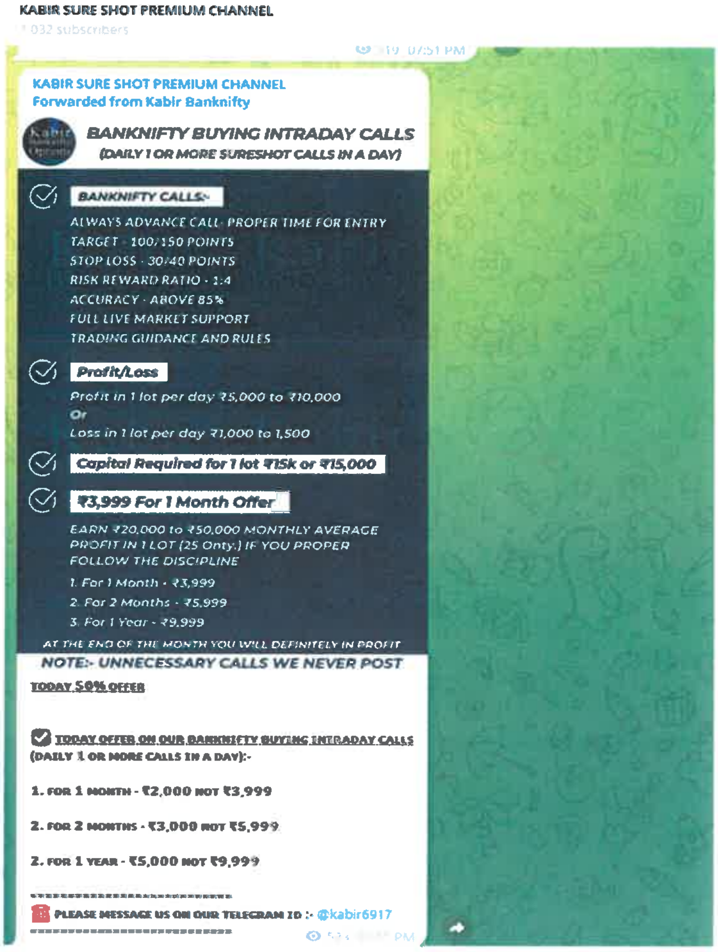
15.7 In view of the above, *prima facie*, the total fees collected by Noticees from their unregistered investment advisory services is currently assessed to be as follows:

Table 4

S. No.	Bank Account No.	Benificiary Name	Bank Name	Credit considered from	Total Credits (INR)	Date of last transaction
1	3105039337	Kabir Financial Services Pvt. Ltd.	ICICI Bank Ltd.	August 2021	6,46,98,992.44	11/02/2023
2	107001523909	Sayyed Shujauddin	ICICI Bank Ltd.	December 2020	5,59,66,517.73	16/02/2023
3	50100396406410	Sayyed Shujauddin	HDFC Bank Ltd.	August 2021	78,09,118.33	11/02/2023
		Grand Total			**12,84,74,628.50**	

16. Upon perusal of the chats in Telegram channels, till February 13, 2023, it is observed that Noticees failed to disclose that they were not registered with SEBI. They were therefore holding themselves out as Investment Advisors who were giving premium services, without obtaining any registration for the same from SEBI under IA Regulations. It is only after receiving communication from SEBI on February 13, 2023 that the Noticees disclosed that they were not registered with SEBI, which appears to be a belated attempt by them to portray the appearance of some compliance with securities laws. Further, *prima facie* it appears that Noticees were recklessly and misleadingly offering assured returns to their clients / investors. As an illustration, Noticees while publicizing their packages represented that *"AT THE END OF THE*

MONTH YOU WILL DEFINITELY IN PROFIT". A screenshot demonstrating the same is reproduced below for illustration:



17. The preponderance of probability suggests, *prima facie,* that the Noticees were unregistered Investment Advisors, who failed to disclose that they were not registered with SEBI till February 2023, and instead represented themselves as Investment Advisors to the clients / investors. They have guaranteed assured profits to the many subscribers of their Telegram chats which is nothing more than a ploy by the Noticees to lure and induce investors to deal in securities by availing unregistered investment advisory services. The above discussed activities of the Noticees are *prima facie* fraudulent and are covered under the definition of '*fraud*' under regulation 2(1) of the PFUTP Regulations.

D. CONCLUSION

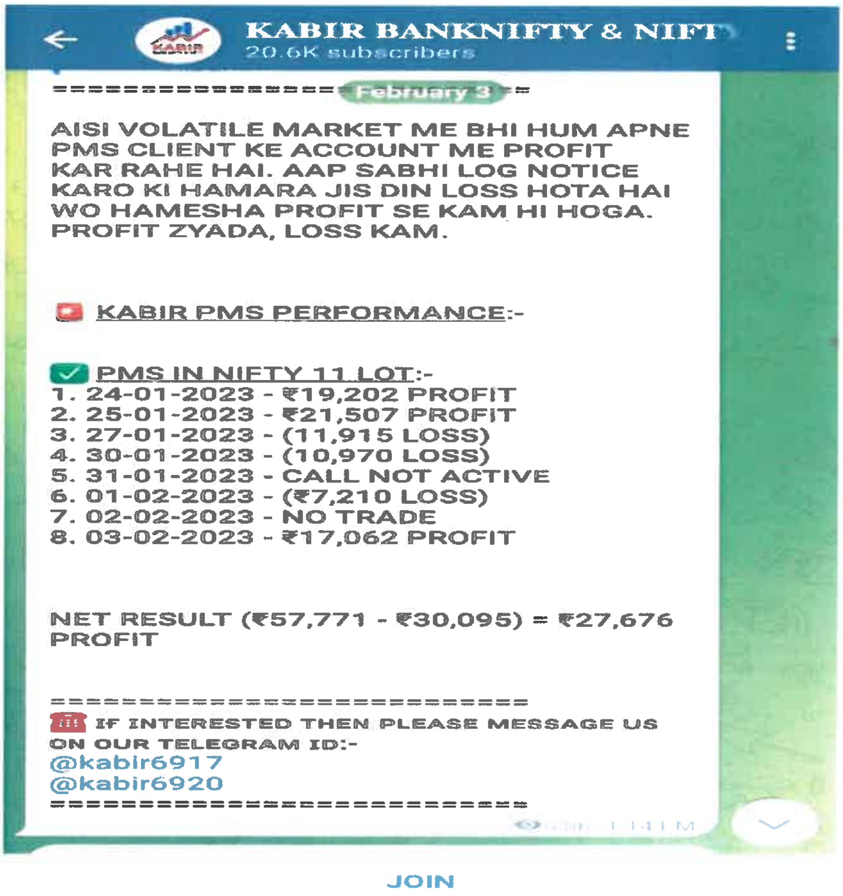
18. From the above, it can be seen that prima facie, the Noticees were providing investment advisory services through their Telegram channels and were offering various packages for subscribing to their services without obtaining registration from SEBI. As per the documents submitted by the company to ICICI bank at the time of opening the company's bank account, the shareholding of Sayyed and Farhat Perween is 80% and 20% respectively. It is *prima facie* observed from the examination of the bank account statements of the company and its directors that they may have collected at least 12,84,74,628.50 (Rupees Twelve Crore Eighty-Four Lakh Seventy Four Thousand Six Hundred Twenty Eight and Fifty Paisa) through such unregistered investment advisory activities. I note that the bank accounts Sayyed were advertised / provided in the Telegram channels to seek fees from the clients / investors availing their packages.

19. *Prima facie* the activities of the company through its directors, as brought out from the examination of SEBI described above, show that they are holding out and acting as investment advisers. However, no material is available on record to indicate that they are holding a certificate of registration as investment adviser. In fact, as per material available on record, it is noted that they are not registered with SEBI in any capacity. This *prima facie* leads to the conclusion that they are holding out and acting as investment adviser without a certificate of registration. They failed to disclose to the several subscribers on their Telegram channels that they are not registered with SEBI. Further, as per the chats in the Telegram channels, *prima facie* it is noted that Noticees are assuring profits to its clients / investors, which is not only misleading but also an active concealment of the material fact that every investment in the securities market is subject to market risks.

20. In light of the aforesaid definitions of investment advice and investment advisers, it is observed that the contents of the Telegram channels reveal *prima facie* that the company and its directors are holding out as investment advisors by offering to give advice related to investing in, purchasing and selling in securities and offering various investment packages for subscription. Further, as noted from the bank accounts of the

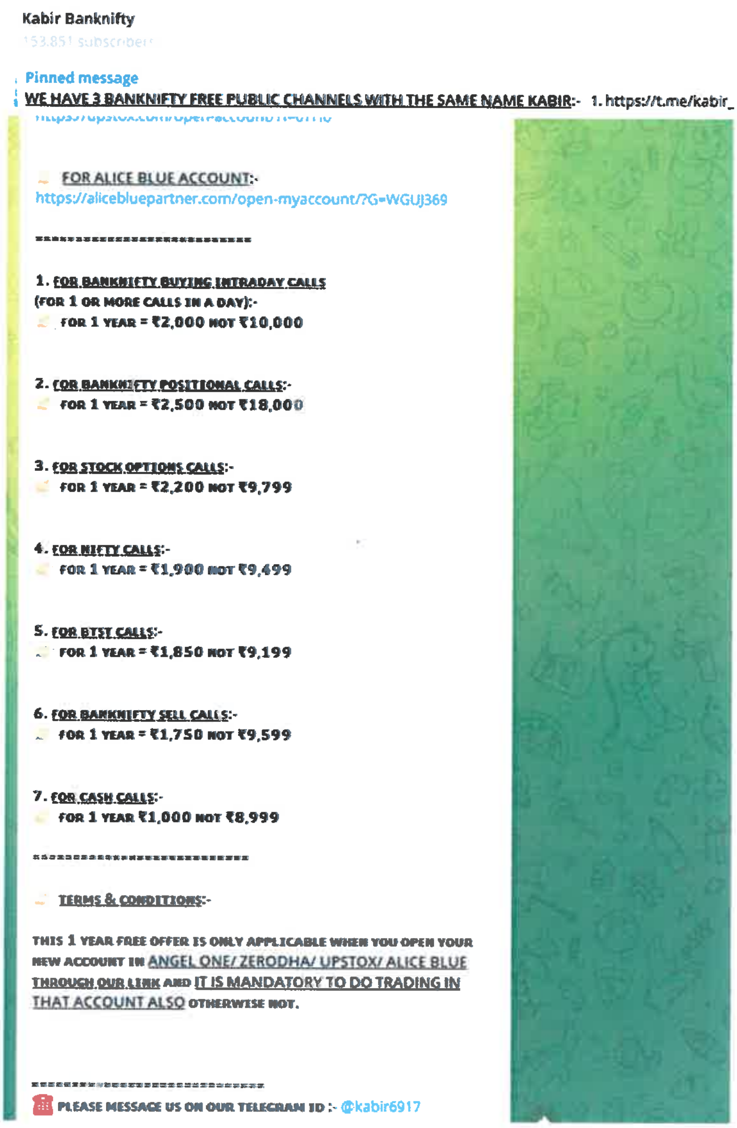
company and its directors, there are multiple credit entries which when seen together with the content on the Telegram channels leads to *prima facie* conclusion that the credit entries in the bank accounts were for the investment advice given by the company to its clients. There is no record of the Noticees having been registered with SEBI as intermediary in any capacity. Thus, prima facie the company and its directors were providing investment advisory services without obtaining registration from SEBI in contravention of section 12(1) of the SEBI Act, regulation 3(1) of IA Regulations and regulations 3 (a)-(d), 4(1) and 4(2)(k) & (r) of PFUTP Regulations read with section 12A of the SEBI Act.

21. Further, in one of the Telegram channels (https://t.me/kabir_banknifty_options), it appears from the messages that the company was also offering Portfolio Management Services ("**PMS**") to its clients even as late as February 03, 2023 without obtaining registration from SEBI. For reference, a screenshot of a message is reproduced below:



22. The wallets linked to Gpay, Paytm and Phonepe as advertised in the Telegram channels also need to be examined to ascertain the fees collected by the Noticees for their unregistered investment advisory services.

23. Further, as per the screenshots of chats in the Telegram channels provided by the complainant (reproduced below for illustration), it *prima facie* appears that the company is inducing investors / clients to open their trading accounts with Angel One / Zerodha / Upstox / Alice Blue through their link in order to avail their yearly packages. Further, the aforesaid chats *inter alia* insist that the investors / clients have to mandatorily trade through those accounts, which also merits further examination to determine if the noticees had any financial arrangements with other market intermediaries. I note from material available on record that as confirmed by the Exchanges, the noticees are not registered with any brokers as their Authorised Persons. I further note that the exchanges and depositories have confirmed that there are no trading accounts in the name of the company. However, there are three trading accounts in the name of Sayyed and two trading accounts in the name of Farhat Perween.



Kabir Banknifty

153,851 subscribers

Pinned message

WE HAVE 3 BANKNIFTY FREE PUBLIC CHANNELS WITH THE SAME NAME KABIR:- 1. https://t.me/kabir_

FOR ALICE BLUE ACCOUNT:-
https://alicebluepartner.com/open-myaccount/?G=WGUJ369

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1. FOR BANKNIFTY BUYING INTRADAY CALLS
(FOR 1 OR MORE CALLS IN A DAY):-
FOR 1 YEAR = ₹2,000 NOT ₹10,000

2. FOR BANKNIFTY POSITIONAL CALLS:-
FOR 1 YEAR = ₹2,500 NOT ₹18,000

3. FOR STOCK OPTIONS CALLS:-
FOR 1 YEAR = ₹2,200 NOT ₹9,799

4. FOR NIFTY CALLS:-
FOR 1 YEAR = ₹1,900 NOT ₹9,499

5. FOR BTST CALLS:-
FOR 1 YEAR = ₹1,850 NOT ₹9,199

6. FOR BANKNIFTY SELL CALLS:-
FOR 1 YEAR = ₹1,750 NOT ₹9,599

7. FOR CASH CALLS:-
FOR 1 YEAR ₹1,000 NOT ₹8,999

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TERMS & CONDITIONS:-

THIS 1 YEAR FREE OFFER IS ONLY APPLICABLE WHEN YOU OPEN YOUR NEW ACCOUNT IN ANGEL ONE/ ZERODHA/ UPSTOX/ ALICE BLUE THROUGH OUR LINK AND IT IS MANDATORY TO DO TRADING IN THAT ACCOUNT ALSO OTHERWISE NOT.

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PLEASE MESSAGE US ON OUR TELEGRAM ID :- @kabir6917

24. I note from the chats in the Telegram channels that the Noticees are directing their clients / investors to send the payment confirmations and contact them on other Telegram IDs / channels (for instance, @kabir6917) wherein they will also be getting free premium calls. Therefore, it appears that the Noticees may have other Telegram channels / modes of communication to induce investors to subscribe to their packages.

25. Therefore, further examination / investigation is required *inter alia* to determine whether unregistered activities were offered by Sayyed and Farhat Perween even before the incorporation of the company i.e. Kabir Financial Services Pvt. Ltd., the exact amount of fees collected by Noticees from such unregistered activities, whether the Noticees portrayed themselves to the clients as registered with SEBI, whether they had any

financial arrangements with other market intermediaries, whether they were providing PMS services to the clients / using the accounts of the clients, whether other such channels / unregistered activities exists that account for the credits in Farhat Perween's bank account, or whether they were engaged in any other activities contravening provisions of securities laws.

E. NEED FOR INTERIM DIRECTIONS

26. SEBI has a statutory duty to protect the interest of investors in securities market and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The IA Regulations have been formulated with the main objective of regulating investment advisory activities to safeguard the interests of investors. Registration of such investment advisory activity with SEBI is mandatory under regulations. The IA Regulations, *inter alia*, seek to make investment advisers accountable for their advice by requiring them to comply with the criteria set out in the relevant provisions of the IA Regulations.

27. In the instant case, the company and its directors are *prima facie* soliciting and inducing the investors to deal in the securities market on the basis of investment advice, stock tips, etc., without having the requisite registration / certificate as mandated under the IA Regulations. The company received the SEBI e-mail dated February 13, 2023 that sought clarifications, as seen from the messages on their Telegram channels, but has failed to respond to the queries of SEBI. Further, it is noted from material available on record that the Telegram channels continue to be active as on date, and continue to solicit money from their subscribers for their unregistered Investment Advisory activity.

28. It is noted that registration and regulation of intermediaries provides assurance of quality and standards to their clients / investors. They are subject to regulatory purview of SEBI which *inter alia* monitors their compliance with the law. Registration of such investment advisers is also subject to satisfaction of 'fit and proper' norms. Therefore, turning a blind eye to unqualified and unregulated investment advisory services can

cause irreparable damage to the integrity of securities market. Such services may adversely impact the orderly development of securities market apart from hurting the interests of the investors in the market.

29. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the noticees from collecting any more fees from the public and from indulging in unregistered investment advisory activities. As per material available on record, monies were being received in the bank accounts at least till the examination period, and the bank accounts and Telegram channels are still active. The channels continue to solicit money from nearly 1.4 lakh subscribers. The aforesaid *prima facie* demonstrates that the company can still lure many investors to deal in the securities market while acting on its advice. Therefore, the threat of the company continuing its unregistered activities to unlawfully lure investors into the securities market remains a clear and present danger.

30. As per the chats on the Telegram channels (referred in paragraph 13 above), the Noticees appear to have acknowledged receipt of communication from SEBI. Despite the same, they have failed to respond to queries made by SEBI and continue to operate the Telegram channels, in defiance of IA regulations. The failure of Noticees to respond to SEBI's communication has hampered the fact-finding process in examining the matter and therefore, it is imperative that interim directions are issued against the Noticees *inter alia* so that they cease and desist their unregistered IA activities.

31. If interim directions are not issued, many unsuspecting investors may fall prey to the activities of the company under the assumption that the company and its directors are providing registered and regulated investment advisory services. However, I have noted from the chats in the Telegram channels that from February 14, 2023 onwards, after receipt of SEBI e-mail dated February 13, 2023, the company is declaring that it is not registered with SEBI and that the channel is only for educational purposes. This appears to be an attempt by the Noticees to portray that they are in belated compliance with the law. Merely making statements of this nature cannot exonerate the Noticees

when their actions reveal that they were and continue to be *prima facie* engaged in unregistered investment advisory services. The continuation of such activities of the Noticees may result in loss of investors' confidence. Therefore, the balance of convenience is also not in favour of the company.

32. I have noted from Table 4 above that prima facie, the company and its directors have accumulated an amount of INR 12,84,74,628.50 (Rupees Twelve Crore Eighty-Four Lakh Seventy Four Thousand Six Hundred Twenty Eight and Fifty Paisa) during a period of just over 2 years from such unregistered investment advisory activities. The Noticees conduct as discussed in the previous paragraphs of this Order suggest that the Noticees have the propensity to ignore the law. The suspicions already explained elsewhere in this Order, regarding their possible involvement in executing trades on behalf of investors in violation of securities laws, also exacerbate the need to take urgent preventive directions so that unlawful gains made by the Noticees are not defalcated. Considering the risk that the said Noticees may divert the alleged unlawful gains before examination / investigation is concluded, and directions for disgorgement / refund, etc., if any, are passed, non-interference at this stage would therefore result in irreparable injury to interests of the securities market and the investors. Considering the factual matrix of the case and the *prima facie* conclusion of unregistered investment advisory activities, I am convinced that, pending further examination / investigation, the balance of convenience lies in passing interim directions against the Noticees *inter alia* for preventing the continuation of any further unregistered activities in the interest of investors, and for impounding and retaining such quantified alleged illegal gains.

ORDER

33. In view of the above, pending further examination / investigation, in order to protect the interests of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under sections 11(1), 11(4), 11B and 11D read with section 19 of the SEBI Act, hereby issue by way of this *interim ex-parte order*, the following directions:

33.1 Noticees are restrained from buying, selling or dealing in securities either directly or indirectly, in any manner whatsoever until further orders. If Noticees have any open position in any exchange traded derivative contracts, as on the date of this Order, they can close out / square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier. The said entities 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;

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

33.3 The proceeds in the bank accounts of the Noticees, to the extent of illegal gains mentioned in para 32 above shall be impounded, jointly and severally. Further, the Noticees are directed to open an escrow account with a scheduled commercial bank and deposit the impounded amount mentioned therein within 15 days from the date of service of this Order. The escrow account shall be an interest bearing escrow account and a lien shall be created in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI;

33.4 Noticees are directed not to divert any fund raised from investors, kept in bank account(s) and / or in their custody, until further orders.

33.5 Noticees are directed 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, jointly or severally, including money lying in bank accounts except with the prior permission of SEBI until the impounded amount is deposited in the escrow account;

33.6 Noticees are directed to provide a full inventory of all assets held in their names, jointly or severally, 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 15 days from the date of receipt of this Order;

33.7 The banks where Noticees are holding bank accounts, individually or jointly, are directed to ensure that till further directions, except for compliance of direction at para 33.3 above, no debits are made in the said bank accounts without the permission of SEBI. The banks are directed to ensure that all the above directions are strictly enforced. On production of proof of deposit of entire amount mentioned in para 32 above, SEBI shall communicate to the banks to defreeze the accounts of the Noticees. Debit freeze on the bank accounts of the Noticees shall be removed only upon deposit of all illegal gains due from Noticees, as mentioned in para 32 above. Further, the depositories are directed to ensure, that till further directions, no debits are made in the demat accounts of Noticees held individually or jointly;

33.8 The registrar and transfer agents are also directed to ensure that till further directions, the securities / mutual funds units held in the name of Noticees jointly or severally, are not transferred / redeemed;

33.9 Noticees are directed to immediately withdraw all advertisements, representations, literatures, brochures, materials, publications, documents, communication, etc., in relation to their investment advisory activities or any other unregistered activity in the securities market until further orders;

34. This order shall come into force with immediate effect and shall be in force until further orders.

35. The prima facie observations contained in this Order are made on the basis of the material available on record. In this context, Noticees 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.

36. This order is without prejudice to the right of SEBI to take any other action that may initiated against the aforementioned entity in accordance with law.

37. A copy of this Order shall be served upon Noticees, Stock Exchanges, Banks, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

Place: Mumbai
Date: June 14 , 2023

ANANTH NARAYAN G.
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA