

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/60809	Date: February 21, 2024
Circular Ref. No: 283/2024	

To All NSE Members,

Sub: SEBI Order in the matter of Unregistered Investment Advisory Services by Mr. Santhoshkumar Ravi.

This is with reference to in respect of SEBI Order No. QJA/AA/SRO/SRO/30035/2023-24 dated February 21, 2024, wherein SEBI has restrained following entity from accessing the securities market, directly or indirectly and is 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 as directed in paragraph 32 (a) above SEBI order, whichever is later.

Sr. no.	Name of the entity	PAN
1.	Mr. Santhoshkumar Ravi B4Trading Tamil	IULPS5334A

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

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:

National Stock Exchange of India

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

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

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: SEBI Order in the matter of Unregistered Investment Advisory Services by Mr.
Santhoshkumar Ravi**

QJA/AA/SRO/SRO/30035/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 3(1) OF THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013

In respect of:

Name of Noticee	PAN
Mr. Santhoshkumar Ravi B4Trading Tamil	IULPS5334A

In the matter of Unregistered Investment Advisory Services by Mr. Santhoshkumar Ravi

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received a reference from Mr. Ravirajan (hereinafter referred to as “**Complainant**”) on February 12, 2023 in respect of services offered by Mr. Santhoshkumar Ravi (hereinafter referred to as “**Noticee**”) through YouTube/Telegram/Instagram channel in the name of B4Trading Tamil (hereinafter referred to as “**B4TT**”). Upon examining the reference, the Complainant was requested to provide substantiating evidence available including details of services availed by him, proof of payment made etc., to further examine the matter. The complainant vide email dated February 16, 2023 provided details of the Noticee’s website, contact number etc.
2. Pursuant to receipt of information shared by the Complainant, SEBI conducted further examination into the activities of the Noticee to ascertain the veracity of the reference received and to determine whether there has been any contravention of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”), the Securities and Exchange Board of India (Investment Advisor) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”), the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market)

Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) and any other Rules or Regulations made thereunder, by the Noticee.

3. Based on the examination, it has been alleged that the Noticee has provided investment advice without obtaining the requisite registration from SEBI in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations, 2013. It has also been alleged that the Noticee has acted in a reckless and careless manner thereby violating Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of PFUTP Regulations.

SHOW CAUSE NOTICE, REPLY AND HEARING

I. Show Cause Notice

4. A Show Cause Notice dated November 28, 2023 (hereinafter referred to as “**SCN**”) was issued to the Noticee calling upon it to show cause as to why suitable directions under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, 1992 including direction of refund of fees/monies collected from the investors should not be issued against him for the violations as alleged herein above. The Noticee was also called upon to show cause as to why inquiry should not be held against him in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed under Section 11(4A) and 11B(2) read with Sections 15EB and 15HA of the SEBI Act, 1992 for the violations alleged herein above. The following annexures were enclosed along with the SCN:

Table A

Annexures to SCN	
Annex. No.	Particulars
1	Copy of email reference received from Mr. Ravirajan on 12.02.2023
2	Copy of email reference received from Mr. Ravirajan on 16.02.2023
3	Domain creation details downloaded from https://whois.com
4	Copy of webpages downloaded from the website
5	Copy of error message from the website
6	Copy of SEBI's email dated 16.03.2023 sent to the Noticee
7	Reply of the Noticee received vide email dated 20.03.2023
8	Copy of Screenshot of the webpage

9	Copy of SEBI's email dated 05.04.2023 sent to the Noticee
10	Reply of the Noticee received vide email dated 10.04.2023
11	Copy of KYC documents, transaction statement received from Razorpay
12	Copy of AoF, KYC documents and bank statement received from Indian Bank
13	Copy of email dated 21.04.2023 received from client/investor, Manikandan K
14	Copy of email dated 24.04.2023 received from client/investor, Jeganath R
15	Copy of email dated 15.04.2023 received from the Noticee
16	Copy of email dated 25.04.2023 received from the Noticee
17	Details of credits received in the Razorpay payment gateway account in respect of investment advisory services
18	Details of credits received in the Indian Bank account no. 065xxxx242 in respect of investment advisory services

5. The SCN has *inter alia* alleged the following:

(a) The Noticee has been operating the website <<https://b4tradingtamil.in/>> wherein the following has been stated:

(i) *Santhosh Ravi, Founder of B4Trading-Tamil, Technical Analyst in Stock Market (I am not a sebi registered advisor);*

(ii) *Our Services: Online Course*

Table 1

Sl No.	Services	Features	Price (Rs.)
1	B4TT RECORDED - TECHNICAL CLASSES	8 Videos + PDF BASIC PRICE ACTION STRATEGY ADVANCED OUR CLASS TOPICS 1. MARKET STRUCTURE 2. CANDLESTICK 3. MULTI TIMEFRAME CANDLESTICKS 4. SUPPORT AND RESISTANCE 5. CHART PATTERNS 6. CANDLESTICK PATTERN 7. VOLUME ANALYSIS 8. BREAKOUT TRADING STRATEGY 9. DAY TRADING STRATEGY 10. BTST TRADING STRATEGY 11. FUTURES AND OPTIONS 12. OPTION CHAIN ANALYSIS 13. RISK MANAGEMENT 14. B4TRADING CHECKBOX	3070

(iii) *₹FREE: OPEN DEMAT ACCOUNT VIA OUR LINK ANGEL ONE UPSTOX
PROFIT MART*

- (iv) *If You Want My Premium Services, then Open a Account Using my Referral Links and Join our Classes. You will get Premium Services lifetime for FREE**
 - ✓ *FREE AMC CHARGES*
 - ✓ *FREE ACCOUNT OPENING CHARGES*
 - ✓ *20RS PER TRADE IN ALL SEGMENTS*
 - ✓ *NO HIDDEN CHARGES*
- (v) *Login interface for “users/Clients”*
- (vi) *Caution Ticker message: We are not SEBI registered. Before taking any positions, please contact your financial advisor. We are not responsible for your “PROFITS” or “LOSSES”. Whatever we are providing here is the purely educational and information point of view.*
- (vii) *Disclaimer: There is no guarantee of profits or no exceptions from losses. The investment advice provided are solely the personal views of the research team. You are advised to rely on your own judgment while making investment / Trading decisions. Past performance is not an indicator of future returns. Investment is subject to market risks. You should read and understand the Risk Disclosure Documents before trading/Investing.*
- (viii) *Follow us on: @B4Trading_Tamil Ph no. 8925711853*

- (b) It is observed that Noticee is the founder of B4TT and has identified himself as as Technical Analyst in Stock Market. The website has offered recorded classes on securities market related topics on payment of charges specified therein.
- (c) Vide email dated March 16, 2023 (Annexure-6) the reference received from the Complainant was forwarded to the Noticee and he was advised to submit the information relating to the services offered by him through the website <https://b4tradingtamil.in/> and under the name of B4TT. He was also advised to refrain from all unregistered investment advisory / research analysis / portfolio management or any other unregistered activity in the securities market with immediate effect.
- (d) The Noticee vide email dated March 20, 2023 *inter alia* made the following submissions:
 - (i) He is the only person involved in the operations/activities of B4TT.
 - (ii) Details of activities/services offered: The Noticee stated that he started one service i.e. B4TT-BTST as per his subscriber’s requests, through which, he has claimed to be sharing Buy Today Sell Tomorrow (hereinafter referred to as “**BTST**”) suggestions about Index futures & options based on technical charts. He has stated that one of his subscribers pointed out that this was against SEBI rules and then he has immediately stopped that service and that currently he is not providing any BTST services.

- (iii) He was also selling another service in the name of B4TT-Recorded Classes. Through which he has claimed to be teaching technical charting experiences which is only for learning purposes and that he has stopped the said service after SEBI's email regarding examination of the services offered by him.
- (iv) He has not collected any client details. Based on Razorpay statement, he has gathered payee details and submitted the same in an excel sheet. It contained the payee details such as name, phone number, date and amount received.
- (v) The details of bank account & payment gateway details used for advisory services are as follows: Indian Bank, Branch- Mazhaiyur, A/c No. 606xxx6470; IFSC- IDIB000Mxxx; Payment gateway – Razorpay;
- (e) The "Services" tab was removed from the website <https://b4tradingtamil.in/> pursuant to SEBI's email on March 20, 2023 to the Noticee seeking details of the services offered by him under the name of B4TT.
- (f) Vide email dated April 05, 2023, Noticee was advised to submit details of the platform on which BTST suggestions were provided, purpose of amount collected via Razorpay payment gateway links, credit wise purpose of amount collected in the Indian Bank account (in addition to Razorpay) from the date of commencement of activities/services pertaining to B4TT/ Investment Advise / BTST suggestions.
- (g) Vide email dated April 10, 2023, Noticee has *inter alia* made his submissions and following are noted:
- (h) Noticee admitted to have provided BTST suggestions via telegram channel. He used to share the link to join BTST group in his free telegram channel and that the same will be deleted in few hours;
- (i) He has collected fees for BTST suggestions via Razorpay payment gateway link <https://rzp.io/l/B4TT-BTSTSuggestions> and the BTST fee was Rs. 1010/-. He has attached a receipt issued to one of his client/investors in support of the same;
- (j) The total amount received via Razorpay towards BTST suggestions is Rs. 29,30,140/-
- (k) That around Rs. 66,000/- were received in his Indian Bank account directly towards BTST suggestions.
- (l) The details of payment gateway accounts pertaining to the Noticee and/or associated with the website <https://b4tradingtamil.in/> along with copy of KYC documents and transaction statement were sought from Razorpay and the same were received vide emails dated March 24, 2023, April 03, 2023, April 12, 2023, May 17, 2023 and May 19, 2023.

- (m) From the information received, it is observed that one account (merchant ID- IzTnCjvssFeWjw) was activated in the name of 'Mr. Santhosh Ravi' on February 23, 2022. As per the records submitted by Razorpay, the registered activity in connection with the merchant ID- IzTnCjvssFeWjw is to offer educational material and recorded sessions of courses / training. Razorpay disabled the Merchant ID of the Noticee on March 23, 2023. Amounts collected by the Noticee via the said Razorpay account were transferred to him through Razorpay in his Indian Bank account no. 606xxx6470 (IFSC-IDIB000Mxxx). Copy of Account Opening Form (hereinafter referred to as '**AoF**'), Know Your Customer (hereinafter referred to as '**KYC**') documents and transaction statement pertaining to the said account was sought from Indian Bank which submitted the information vide emails dated March 24, 2023 and May 20, 2023.
- (n) Emails were sent to clients of the Noticee on April 06, 2023 who made payments to the Noticee's Razorpay account (merchant ID- IzTnCjvssFeWjw) with a request to provide the reason for the payment made to Noticee including nature of services availed. Two of such investors/ clients replied stating that they paid Rs. 1010/- for advice related to trading in securities.
- (o) In view of the above, it is alleged that the Noticee has provided BTST suggestions and collected fees in respect of the same. The said acts of investment advisory were carried out by the Noticee without obtaining registration from SEBI.
- (p) The Noticee is also alleged to have engaged in the activities of providing investment advice without obtaining the requisite registration from SEBI and are alleged to be in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations, 2013.
- (q) The website <<https://b4tradingtamil.in/>> mentioned Noticee as the founder of B4TT and identified him as a Technical Analyst in Stock Market with a disclaimer that "I am not a SEBI registered advisor". The website also mentioned a "*Caution Ticker message: We are not SEBI registered. Before taking any positions, please contact your financial advisor. We are not responsible for your "PROFITS" or "LOSSES". Whatever we are providing here is the purely educational and information point of view*". Further, one of the payment receipt issued to the investor who has availed advisory services from the Noticee has *inter alia* mentioned "And most importantly, I am (Santhosh Kumar R) not SEBI registered advisor". It is alleged that despite being aware that registration from SEBI is required for providing investment advisory services, Noticee has held himself out as an investment adviser and rendered investment advisory services to his clients/investors without obtaining

certificate of registration from SEBI. By doing so, the Noticee has represented to his clients/investors in a reckless and careless manner which is covered under the definition of 'fraud' under regulation 2(1) (c) of PFUTP Regulations. It is alleged that by engaging in such fraudulent activity, the Noticee has also violated the provisions of Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of PFUTP Regulations.

II. Reply of the Noticee

6. The SCN dated November 28, 2023 was served on the Noticee through Speed Post and email. The Noticee vide email dated December 18, 2023 replied that he 'apologizes' and 'admits his mistakes'. He also assured that he would not engage in unauthorized investment advisory activities henceforth. The Noticee was granted an opportunity of hearing on January 30, 2024 which was attended by him. The Noticee was advised that he may file a reply in his local language, if he wishes to. The Noticee filed a reply in Tamil vide email dated February 01, 2024, the contents of which have been translated and briefly provided as under:

- (a) The Noticee realizes his mistake and apologizes for the same.*
- (b) The Noticee started a YouTube channel one year back to share his experience in the stock market with others. A person who followed the Noticee's channel suggested that the said person would create a website under Noticee's channel name to which he agreed. However, the website was not created with the intention of deceiving others. The Noticee has taken down the website now.*
- (c) Thereafter, one of the Noticee's 'followers' contacted him and asked him to send him the Noticee's Support & Resistance drawing for NIFTY & BANKNIFTY as the said investor was employed and could not track the securities market.*
- (d) In this manner, the BTST service was developed, however, no one was advised to buy or sell individual shares.*
- (e) The Noticee informed his clients availing BTST service that he is not a SEBI registered advisor and there is no guarantee that the Support & Resistances he draws will necessarily make a profit and there is a 100% chance of losing their money. He also stressed that clients should not invest money that they cannot afford to lose.*

- (f) Only after agreeing to the aforesaid, clients would join the BTST service.*
- (g) The Noticee wanted investors to benefit from his knowledge/ expertise, however, the activity was carried out without knowing the SEBI rules and regulations.*
- (h) As soon as he found out that the said activity was unauthorized, he stopped providing the service. However, a few months after he stopped the service, someone filed a complaint against him.*
- (i) Even during SEBI's examination which was prior to the issuance of the SCN, the Noticee admitted his mistake without hiding anything from SEBI.*
- (j) The Noticee is 26 years old now, and got married few months ago. The Noticee's family depends on him.*

III. Opportunity of Hearing

7. An opportunity of hearing was granted to the Noticee on January 30, 2024 which was communicated vide letter and email dated January 05, 2024. The Noticee appeared for the hearing virtually through WebEx. As the Noticee stated that he did not understand the allegations stated in the SCN dated November 28, 2023, an officer of SEBI explained the allegations in the Tamil language. Thereafter, the Noticee accepted the allegations in the SCN and said that after he came to know that providing investment advice without registration is not permissible as per SEBI's norms, he stopped the activity. As the Noticee had not filed a reply until then, he was granted one weeks' time to file his reply. The Noticee submitted his reply vide email dated February 01, 2024 which has been captured above.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have considered the material available on record including the SCN, the annexures to the SCN, oral and written submissions, the Noticee's reply dated February 01, 2024 and based on the aforesaid frame, the following issues for consideration:

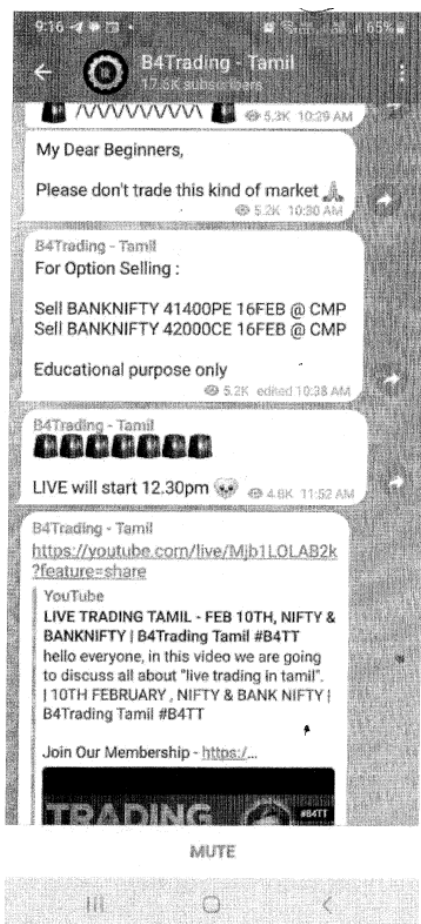
Issue I	<i>Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations?</i>
Issue II	<i>Whether the acts of the Noticee attract the prohibition under 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of PFUTP Regulations?</i>

Issue III	<i>If answer to issue no. I and / or II is in the affirmative, what directions should be passed against the Noticee?</i>
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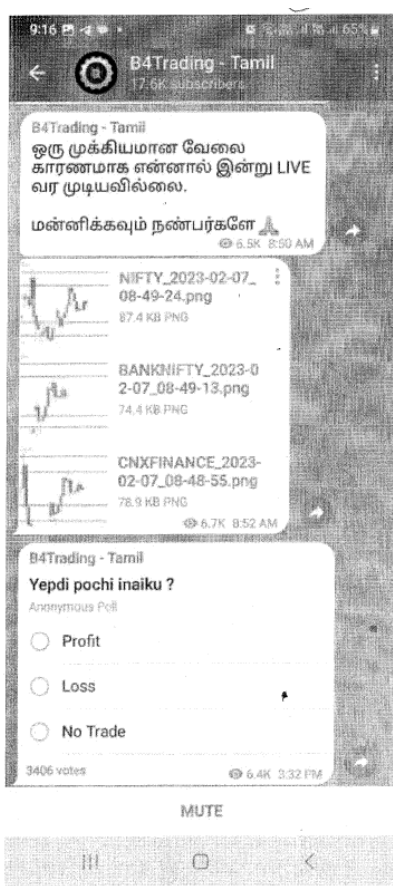
Issue I: Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations?

9. The Complainant in his reference (Annexure 1 to SCN) has stated that the Noticee conducts 'Live' sessions wherein he gives trading advice/ calls. It is also stated that the Noticee is charging Rs. 1,500/- for a 3 months' package entailing BTST recommendations. The payments are received through a payment gateway link. The Complainant also submitted that Noticee has a website with the domain name <<https://b4tradingtamil.in>> and the link for his YouTube Channel is <<https://youtube.com/live/Mjb1LOLAB2k?feature=share>>. The Complainant has attached screenshots of the Noticee's Telegram Channel where the BTST suggestions were provided which are reproduced below.

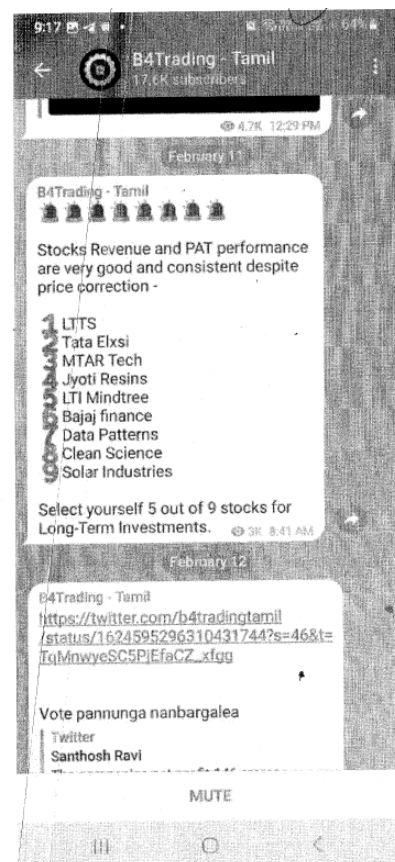
Screenshot 1



Screenshot 2



Screenshot 3



10. I note from the SCN that SEBI had sent emails to 20 investors/ clients out of 2595 clients/investors of the Noticee on April 06, 2023 who made payments to the Noticee's Razorpay account (merchant ID- IzTnCjvssFeWjw) with a request to provide the reason for the payment made to Noticee including nature of services availed. I note that replies were received from two clients which is summarized as under:
- (a) Manikandan K: The investor has transferred Rs.1010/- to Noticee through Razorpay payment gateway on October 05, 2022. Vide email dated April 21, 2023 the client has submitted that he has paid the said amount towards receiving Support & Resistance level of indexes as well market view and that he does not have any documents.
- (b) Jeganath R: The investor has transferred Rs.1010/- to Noticee through Razorpay payment gateway on October 08, 2022. Vide email dated April 24, 2023 the client has submitted that he has paid the said amount to B4TT Telegram Channel. He has stated that the Noticee has created separate BTST Telegram Channel/group for providing BTST calls and that the telegram channel/group has been removed and so he could not provide any proof in respect of the same.
11. The details of payment gateway accounts pertaining to the Noticee and/or associated with the website <https://b4tradingtamil.in/> along with copy of KYC documents and transaction statement were sought from Razorpay and the same were received vide emails dated March 24, 2023, April 03, 2023, April 12, 2023, May 17, 2023 and May 19, 2023. From the information received, it is observed that one account bearing merchant ID- IzTnCjvssFeWjw was activated in the name of 'Mr. Santhosh Ravi' on February 23, 2022. It was also found that amounts collected by the Noticee via the said Razorpay account were transferred to him by Razorpay in his Indian Bank account no. 606xxx6470 (IFSC- IDIB000Mxxx). On analyzing the account statement of the account held with Indian Bank, it was observed that multiple credit transactions therein had the terms/ narrations with respect to investment advisory services including BTST package such as 'BTST payment', 'for BTST', 'BTST fee', 'futures calls', 'intraday calls', 'trade consulting', 'for trade', 'buying stocks', 'trade tips', 'trade fees' etc. Few of the entries are captured in the Table below:

Table 2

Date	Narration
03-Dec-19	UPI TRANSFER/933711175663/ Futures calls
29-May-20	UPI TRANSFER/014921841910/ Intraday calls

30-May-20	/IMPS/P2A/015114722102/MB: SHR TIPS
01-Jun-20	UPI TRANSFER/015307078770/ June month intraday
08-Jun-20	UPI TRANSFER/016016208210/ Trading consulting f
11-Jun-20	UPI TRANSFER/016310010878/ For trading
01-Dec-20	/IMPS/P2A/033611157375/ Buying Stocks
02-Jun-21	UPI TRANSFER/115320218853/ Trade fees
14-Jan-22	UPI TRANSFER/201468332670/ BTST
30-Mar-22	UPI TRANSFER/208941099501/ BTST payment
30-Mar-22	UPI TRANSFER/208941648008/ for btst premium gro
09-Apr-22	UPI TRANSFER/209911983867/ BTST FEE
07-Jun-22	UPI TRANSFER/215825599134/ for btst

12. In response to SEBI's email dated March 16, 2023 seeking information about his investment advisory activities, the Noticee vide email dated March 20, 2023 submitted that he started one service namely, B4TT-BTST as per one of his subscriber's requests through which, he claimed to have been sharing BTST suggestions about Index futures & options based on technical charts. He also submitted that the following bank account & payment gateway details used for advisory services are as follows: Indian Bank, Branch- Mazhaiyur, A/c No. 606xxx6470; IFSC- IDIB000Mxxx; Payment gateway – Razorpay.

13. I note that vide email dated April 05, 2023, SEBI sought further information from the Noticee in the nature of platform on which BTST suggestions were provided, purpose of amount collected via Razorpay payment gateway links, credit wise purpose of amount collected in the Indian Bank account (in addition to Razorpay) from the date of commencement of activities/services pertaining to B4TT/ Investment Advise / BTST suggestions. The Noticee vide email dated April 10, 2023 (Annexure 10 to SCN) replied stating that he provided BTST suggestions via Telegram. The Noticee also submitted that he provided the following Razorpay link <<https://rzp.io/l/B4TT-BTSTSuggestions>> to his clients via Telegram to collect fees towards BTST suggestions. In the said email, the Noticee also provided a payment receipt issued to one of his clients, Mr. Vaidheeswaran D in respect of Rs. 1,010/- paid by him on October 04, 2022. The said payment receipt clearly stated the following *"This is a payment receipt for your transaction on B4TT – BTST Suggestions"*. The payment receipt also informed the client of the following:

"(i) Per week, 2 or 3 suggestions will be provided,

(ii) We will provide both index options and some times stock options based on market conditions.

(iii) You will need a minimum capital of 30,000 rupees to take a single lot in INDEX Options, and 50,000 rupees for STOCK Options.

(iv) BTST has 100% overnight risk involved, so anything will happen.

(v) There is no guarantee of making profits.

(vi) We are not responsible for your profit and losses.

(vii) And most importantly, I am (Santosh Kumar R) not SEBI registered advisor. I will share it based on my past share market experiences only.

(viii) BTST payment won't be refundable.

(ix) The Plan will expire December 31, 2022."

14. I note that during the personal hearing on January 30, 2024, the Noticee admitted that he carried on investment advisory activities without obtaining registration from SEBI. Thereafter in his reply dated February 01, 2024, the Noticee submitted that he started a YouTube channel one year back to share his experience in the stock market with others. A person who followed the Noticee's channel suggested that the said person would create a website under Noticee's channel name to which he agreed. The Noticee has taken down the website now. Thereafter, one of the Noticee's 'followers' contacted him and asked him to send him the Noticee's Support & Resistance drawing for NIFTY & BANKNIFTY as the said investor was employed and could not track the securities market. The Noticee submitted that in this manner the BTST service was developed, however, no one was advised to buy or sell individual shares, and as soon as he found out that the said activity was unauthorized, he had stopped providing the service.

15. I note that BTST stands for Buy Today-Sell Tomorrow trades wherein the investor buys shares on 'T' day and sells it on T+1 day i.e., sells before the buy trade is settled, i.e., before the shares are delivered in his demat account and before he makes payment for his purchase of shares. The practice can be explained with the help of the following example: if an investor buys 10 shares of 'X' company on Monday, the shares will be credited to his demat account only on Wednesday. However, he may see that the share price of the company has increased the next day after he has bought the shares i.e. Tuesday an opportunity has arisen

to exit his position and make profit even before getting delivery of the shares and before paying for the shares. So he may sell the shares on Tuesday itself.¹

16. Based on the information gathered from the Noticee's clients including the Complainant, narrations in the bank account statement held with Indian Bank, content of the payment receipts issued to clients and the Noticee's own admission, I find that the Noticee was providing trading calls in the form of BTST recommendations to his clients/ investors for a sum of Rs. 1010/- through B4 Trading Tamil Telegram Channel. For the purpose of collecting fees the Noticee created a unique Razorpay payment gateway link which was shared with his clients. The Noticee also provided BTST recommendations through YouTube live streaming. I note from regulation 2 (1)(l) of the IA Regulations that the term "investment advice" is defined thereunder as "*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.*" Furthermore, regulation 2 (1)(m) of the IA Regulations defines "investment adviser" as "*any person who for consideration, is engaged in the business of providing 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.*" In view of the above, I find that the BTST recommendations provided by the Noticee qualify as "investment advice" in terms of regulation 2 (1)(l) of the IA Regulations and therefore, the Noticee was acting as an investment adviser as per regulations 2(1)(m) of the IA Regulations.

17. I note that according to section 12 (1) of the SEBI Act and Regulation 3 (1) of the IA Regulations, no person shall act as an investment adviser or hold himself out as an investment adviser unless he has obtained a certificate of registration from SEBI. The said provisions are reproduced as under:

SEBI Act, 1992

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

¹ Interim Order no. WTM/MPB/ISD/ 166/2021 dated January 13, 2021 in the matter of CNBC Awaaz "Stock 20-20" Show co-hosted by Mr. Hemant Ghai.

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... ..”

SEBI (INVESTMENT ADVISER) REGULATIONS, 2013

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:

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub-regulation (2) within the said period of six months, till the disposal of such application.”

18. 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:

- (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 along with 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 recognized 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.

19. I note that the safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor interest.

20. I note that the activities of the Noticee show that he was acting as an investment adviser. However, the Noticee is not registered with SEBI in the capacity of an Investment Adviser. Therefore, I find that the investment advisory activities were being carried out by the Noticee without obtaining the necessary certificate of registration as an investment adviser and therefore, the Noticee has violated Section 12(1) of the SEBI Act along with Regulation 3(1) of the IA Regulations.

Issue II: Whether the acts of the Noticee attract the prohibition under 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of PFUTP Regulations?

21. Before proceeding further, I find it pertinent to reproduce the relevant provisions:

SEBI 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;”

PFUTP Regulations

“2. 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—

...

...

...

(5) a representation made in a reckless and careless manner whether it be true or false;”

“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, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.*

Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

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

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

22. The SCN has alleged that despite being aware that registration from SEBI is required for providing investment advisory services, Noticee had rendered investment advisory services to his clients/investors without obtaining the necessary certificate of registration from SEBI. The Noticee in his reply dated February 01, 2024 has submitted that he wanted investors to benefit from his knowledge/ expertise, however, the activity was carried out without knowing the SEBI rules and regulations and that as soon as he found that the said activity is unauthorized, he stopped providing the said service.

23. In this regard, it is pertinent to note the observations of the Hon'ble Securities Appellate Tribunal in *Ms. Suhanika Chourey v. SEBI*² wherein it was observed that apart from the fact that the appellant therein had started an advisory business without obtaining a registration there was no evidence which indicated that the business carried out by the appellant was a fraudulent activity or that they played a fraud upon their clients. The relevant extract is reproduced as under:

“We have gone through the entire order and we do not find any iota of any evidence which would show that the business carried out by the appellant and its firm was a fraudulent activity or that they played a fraud upon its clients. The mere fact that they started an advisory business without obtaining a registration does not mean that a fraudulent activity was being carried out. We also find that upon getting to know that a registration was required the appellants stopped their business immediately and dissolved the partnership deed. Thus, we are of the firm opinion that in the absence of

² Appeal No.765 of 2021 (decided on January 01, 2022) available at <https://sat.gov.in/english/pdf/E2022_JO2021765_64.PDF>.

any evidence the charge of fraudulent activity cannot be imposed under Regulation 3 of the PFUPT read with Section 12A of the SEBI Act. Consequently, no penalty under Section 15HA could be imposed. Section 15HA provides that penalty could be imposed were a person indulges in fraudulent and unfair trade practices relating to securities. In the instant case, there is no fraudulent or unfair trade practice committed by the appellant. Consequently, no penalty under Section 15HA could be imposed.”

24. I note from the SCN that the website <https://b4tradingtamil.in/> had mentioned the Noticee as the founder of B4TT wherein he identified himself as a Technical Analyst in Stock Market with a disclaimer that is as follows “I am not a SEBI registered advisor”. The website mentioned a caution message which read as follows: “*Caution Ticker message: We are not SEBI registered....*”. Further, one of the payment receipt issued to the investor who had availed advisory services from the Noticee has *inter alia* mentioned “*And most importantly, I am (Santhosh Kumar R) not SEBI registered advisor*”. I note that the Noticee did not claim himself to be registered with SEBI thereby misleading the investors nor did he promise any guaranteed returns.

25. In view of the above, I find the allegation that the Noticee engaged in a fraudulent activity and thereby violated the provisions of Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of PFUTP Regulations, is not supported by any evidence and therefore, does not stand established.

Issue III: If answer to issue no. I and/ or II is in the affirmative, what directions should be passed against the Noticee?

26. I note from the SCN that an amount of Rs.29,99,647 has been collected as fees by Noticee during the period from December 03, 2019 to October 08, 2022 towards investment advisory services. The details of fees collected are summarised below:

Table 3: Fees collected

Transaction Period#	Mode	Particulars	No. of credit transactions	Identified Amount (in ₹)
30.03.2022 to 08.10.2022	Razorpay	Credits received in respect of BTST Suggestions	2912	29,30,140
03.12.2019 to 08.10.2022	Indian Bank	Credits received in a/c no. 606xxx6470 with narrations related to investment	44	69,507

		advice/BTST or matching with fee amount specified for BTST package.		
Total			2,956	29,99,647
‘#’- The transaction period is from the date of first credit identified as amount collected towards investment advisory services till the date of last credit transaction in the account identified as amount collected towards investment advisory services				

27. In view of the above, I note that the Noticee has provided unregistered investment advisory services and collected a sum of Rs. 29,99,647/- towards fees during the period from December 03, 2019 to October 08, 2022 from investors. The Noticee vide emails dated April 10, 2023 and April 25, 2023 has admitted that he has provided investment advice and collected fees of Rs. 29,96,174/- (i.e. a difference of Rs. 3,473/-) in respect of the same via Razorpay as well as by way of direct credits in his Indian Bank account. However, in his reply to the SCN the Noticee has not disputed the amount stated in the SCN. Therefore, I note that an amount of Rs. 29,99,647/- is liable to be refunded by the Noticee to the respective clients availing BTST services from him.

28. The SCN also calls upon the Noticee to explain as to why appropriate penalty be not imposed upon him under Section 15EB of the SEBI Act, 1992 for the violations alleged in the SCN. The relevant extract of Section 15EB of the SEBI Act, 1992, is reproduced, hereunder:

“Penalty for default in case of investment adviser and research analyst.

15EB. *Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.”*

29. I note it has been clearly established in the preceding paragraphs that the Noticee has acted as an investment adviser without obtaining a certificate of registration from SEBI has been and therefore, violated Regulation 3(1) of the IA Regulations read with Section 12 of the SEBI Act. In view of the same, I find that the penalty under Section 15EB of the SEBI Act, 1992 is clearly attracted.

30. For imposition of penalties under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

“Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- (b) the amount of loss caused to an investor or group of investors as a result of the default;
- (c) the repetitive nature of the default.”

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

31. As discussed in the aforesaid paragraphs, I note that a total of **Rs. 29,99,647/-** has been received by the Noticee in the bank accounts/ Razorpay for the unregistered investment advisory services provided by him. Thus, in the light of the findings in the preceding paragraphs, I am of the considered view that the Noticee is liable for refund of the aforementioned amount collected as an unregistered investment adviser in addition to monetary penalties which are attracted for the said violations under Section 15EB of the SEBI Act.

DIRECTIONS

32. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B (1), 11B (2) read with of Section 19 of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby pass the following directions:

- (a) The Noticee, Mr. Santhoshkumar Ravi shall, within a period of three (3) months from the date coming into force of this order, refund the money received from any complainants/ investors/ clients, as fees or consideration or in any other form, in respect of his unregistered investment advisory activities;

- (b) The Noticee 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 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 Noticee is prevented from selling his assets, properties and holding of mutual funds/shares/securities held by him 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 from the bank accounts of the Noticee, only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticee;
- (e) After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, 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 the directions at para 32(a) and (b) above, duly certified by an independent Chartered Accountant and the direction at para 32(d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;
- (f) 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 Noticee. Thereafter, remaining amount if any will be deposited in the ‘Investors Protection and Education Fund’ maintained by SEBI;

- (g) The Noticee is restrained from accessing the securities market, directly or indirectly and is 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 as directed in paragraph 32 (a) above, whichever is later;
- (h) The Noticee is hereby imposed with a penalty of Rs. 1,00,000/- (Rupees One Lakh only) under Section 15EB of the SEBI Act, 1992 and further directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order;
- (i) In case of failure of the Noticee to comply with the aforesaid directions in sub-paragraph (a), (f) and (h), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
- (j) The Noticee shall remit / pay the said amounts of penalty, either by way of Demand Draft in favour of “SEBI -Penalties Remittable to Government of India”, payable at Mumbai or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to “The Division Chief, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051” and also to e-mail id:-tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	

Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	
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- (k) The Noticee shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 32(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.
33. It is hereby clarified that if the Noticee has any open position in any exchange traded derivative contracts, as on the date of this order, he can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticee is 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.
34. The direction for refund, as given in paragraph 32(a) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
35. This order shall come into force with immediate effect.
36. A copy of this order shall be sent to the Noticee, Mr. Santhoshkumar Ravi, 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.

Date: February 21, 2024
Place: Mumbai

Sd/-
Dr. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA