National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/63312	Date: August 07, 2024
Circular Ref. No: 358/2024	

To All NSE Members,

Sub: **SEBI Order in the matter of unregistered investment advisory services by Mr. Ajay Kumar Chaddha**

This is with reference to SEBI Order No. QJA/GR/NRO/NRO/30651/2024-25 dated August 07, 2024, wherein SEBI has restrained following entity from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of the SEBI order or till the date of filing of report, as directed in paragraph 30.8 of the SEBI Order, whichever is later.

Sr. no.	Name of Entity	PAN
1	Mr. Ajay Kumar Chaddha	AUGPC0559C

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

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.

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

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Order in the matter of unregistered investment advisory services by Mr. Ajay Kumar Chaddha

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992 read with Rule 4 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Sl. No.	Noticee Name	PAN of the Noticee
1.	Mr. Ajay Kumar Chaddha	AUGPC0559C

In the matter of unregistered investment advisory services by Mr. Ajay Kumar Chaddha

A. BACKGROUND OF THE CASE:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") was in receipt of a complaint against Mr. Ajay Kumar Chaddha (hereinafter referred to as "**Noticee**") *inter alia* alleging that the Noticee was providing intraday calls without obtaining the necessary certificate of registration from SEBI. The complaint had further enclosed the bank account details of the Noticee along with the screen shots of WhatsApp chats with the Noticee.

2. From the information provided by the complainant, the following observations were noted:
   2.1 the Noticee was charging Rs.950/- per month for providing premium calls in equity.
   2.2 the Noticee indicated that the accuracy of his calls are 80-85 %.

2.3 the Noticee shared his Kotak Mahindra Bank account details with the complainant for making payment towards the advisory fee of Rs. 950/-

2.4 the complainant made payment of Rs. 950/- in the aforementioned account of the Noticee and shared the screenshot of transaction page.

2.5 the Noticee confirmed receipt of payment from the complainant and added the number of the complainant in the WhatsApp broadcast group called 'intraday rocket calls'.

2.6 from the screenshot of chats of WhatsApp broadcast group, it was observed that the advisory calls in equity were given in the group.

3. In light thereof, it was *prima facie* observed that the Noticee was carrying out investment advisory activities without obtaining a certificate of registration from SEBI in violation of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") read with Regulation 3(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations**"). Further, by promising unrealistic/guaranteed returns through trading in the shares, the Noticee *prima facie* violated the provisions of Section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3(b), (c) & (d) and 4(1), 4 (2)(k), 4 (2)(o) and 4(2)(s) of 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**").

B. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated April 5, 2024 (hereinafter referred to as "**SCN**") was issued to the Noticee calling upon him to show cause as to why a suitable directions including direction for refund of advisory fees and debarment from securities market should not be issued against him under Sections 11(1), 11(4), 11(4A) and 11B (1) and 11B (2) of the SEBI Act, 1992. The Noticee was also called upon to show cause as to why a suitable penalty under Sections 15EB, 15HA and 15HB of the SEBI Act should not be imposed for the alleged violations.

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

5.1. SEBI received a complaint vide email dated August 2, 2019 wherein, it was claimed that the Noticee was providing intraday calls without obtaining a certificate of registration from SEBI. The complainant further stated that the Noticee was charging Rs. 950/- per month for providing premium calls in Equity and claimed that the accuracy of his calls were 80-85%. Upon making the payment of Rs. 950/- towards advisory fee into the bank account held in Kotak Mahindra Bank Ltd of the Noticee, the phone number of the complainant was added in the WhatsApp broadcast group called 'intraday rocket calls'.

5.2. From the screenshot of chats of whatsapp broadcast group 'intraday rocket calls', it was observed that the advisory calls in equity were given in the group and all queries related to calls were sent after-market hours.

5.3. On perusal of the bank statement of Noticee's bank account held in Kotak Mahindra Bank account no 88XXXXX518 it was observed that the account was opened on July 7, 2018 and closed on June 30, 2020.

5.4. On the abovementioned account of the Noticee there were a total of 3,241 credit transactions amounting to a total of Rs.41,72,196.48. Out of the said credit transactions, 316 transactions, amounting to Rs.3,11,040/-, were having narration and use of words like "Tips", "Crude", "Services", "Stock", "Options", "Banknifty", "Commodity", "Trading", "Equity", "MCX", "Rocket", "Premium" etc. Further, the amount in most of the above credit transactions were Rs. 950/- or very near to the cost of packages offered by the Noticee (i.e. Rs. 950/- per month for premium calls in equity). The narration of the aforesaid 316 transactions amounting to Rs.3,11,040/- as provided in the SCN is reproduced as under–

Date	**Narration**	**Chq/Ref No**	**Deposit (Rs.)**
15/08/2018	UPI/7275281578@/822722416223/Saumya Stoc	UPI-822722672101	500
19/08/2018	UPI/rajeev.shiv/823111468484/Rocket Tips	UPI-823111851822	900
19/08/2018	UPI/shiva2990@o/823200563044/Trading (Value Date: 20-AUG-18)	UPI-823200318650	900
26/08/2018	UPI/pannu.01@ok/823814598895/Tips	UPI-823814467417	1,000
28/08/2018	UPI/8000257287@/824104640038/MCX service (Value Date: 29-AUG-18)	UPI-824101281612	850
03/09/2018	UPI/7275281578@/824618388992/Saumya Stoc	UPI-824618277734	400

Date	Narration	Chq/Ref No	Deposit (Rs.)
12/09/2018	UPI/vinaybabtiw/825521954915/Trading cal	UPI-825521930934	1,000
15/09/2018	UPI/dibyendu.st/825812723090/For MCX ad	UPI-825812321563	500
17/09/2018	UPI/panwarpanka/826016398772/For Rocket	UPI-826016508235	900
17/09/2018	UPI/okarnekar@i/826021852215/Crude King	UPI-826021836931	1,000
22/09/2018	UPI/tatha4838@o/826520280745/Treading	UPI-826520070208	700
23/09/2018	UPI/rajeev.shiv/826617955864/Share Tips	UPI-826617794963	900
25/09/2018	UPI/senthilanan/826819641041/MCX from 26	UPI-826819804359	800
29/09/2018	UPI/9866924779@/827216637919/CRUDE CALLS	UPI-827216570274	801
29/09/2018	UPI/pannu.01@ok/827301885114/Crude (Value Date: 30-SEP-18)	UPI-827301015431	1,000
01/10/2018	UPI/kishore.k21/827408311328/crude	UPI-827408056721	1,000
04/10/2018	UPI/7275281578@/827708299003/Saumya Stoc	UPI-827708390679	900
08/10/2018	UPI/pratik03199/828119519433/CrudeOil Tr	UPI-828119929153	850
16/10/2018	UPI/navalmca200/829000292083/Crude servi (Value Date: 17-OCT-18)	UPI-829000899262	1,000
17/10/2018	UPI/sudharsanle/829021662037/Crude oil	UPI-829021997528	950
20/10/2018	UPI/9925912213@/829312500463/TRADING OCT	UPI-829312810382	1,500
28/10/2018	UPI/rahulkhanna/830108416436/Crude paid	UPI-830108320179	700
29/10/2018	UPI/kedar.panda/830223391594/Crude call	UPI-830223037218	1,000
04/11/2018	UPI/pannu.01@ok/830814847982/Crude	UPI-830814942751	1,000
11/11/2018	UPI/pratik03199/831518972278/Trading Fee	UPI-831518022107	850
11/11/2018	UPI/vaibhav1428/831520216931/Rocket Call	UPI-831520221864	900
12/11/2018	UPI/punitbalar4/831616087967/Rocket cash	UPI-831616145917	1,000
12/11/2018	UPI/pm9660@okhd/831617496856/Crude king	UPI-831617226967	750
14/11/2018	UPI/8089980314@/831900873111/mithun tips (Value Date: 15-NOV-18)	UPI-831900300556	950
18/11/2018	UPI/srpavansr@o/832215146406/CALLS	UPI-832215396305	1,000
21/11/2018	UPI/venkatrider/832523904920/Crude fee	UPI-832523365396	1,000
26/11/2018	UPI/venkatasesh/833009670661/MCX Commodi	UPI-833009153731	850
02/12/2018	UPI/kraskar2@ok/833607447360/MCX tips	UPI-833607899146	900
03/12/2018	UPI/pinki101019/833719782174/Crude	UPI-833719165266	1,000
22/12/2018	UPI/pm9660@okhd/835614536377/Crude king	UPI-835614592033	750
23/12/2018	UPI/swarup1@ybl/835722122359/Mcx	UPI-835711527673	1,000
27/12/2018	UPI/nithkumar23/836120609928/Commodity	UPI-836120546587	1,000
28/12/2018	UPI/bitu.intouc/836210138054/Crude paid	UPI-836210148247	700
02/01/2019	UPI/jafferahmed/900214702113/Crude tradi	UPI-900214484517	1,000
05/01/2019	UPI/nsnkumar80@/900518081640/Calls	UPI-900518274591	950
09/01/2019	UPI/benji.seman/900912763179/For trading	UPI-900912767892	700

Date	Narration	Chq/Ref No	Deposit (Rs.)
09/01/2019	UPI/indranil618/900923920515/MCX calls	UPI-900923778347	1,000
15/01/2019	UPI/prathaprock/901510377971/Crude and m	UPI-901510172686	800
20/01/2019	UPI/aakshaykawa/902019779500/Commodity	UPI-902019216768	800
23/01/2019	UPI/rajathtejas/902308288199/For crude n	UPI-902308504647	900
28/01/2019	UPI/gokulkr14@o/902819742647/MCX	UPI-902819440258	850
29/01/2019	UPI/sandippagar/902919892488/For rocket	UPI-902919865879	1,000
02/02/2019	UPI/pm9660@okhd/903310375477/Rocket cash	UPI-903310099853	900
05/02/2019	UPI/caphaarthu@/903616507194/For calls	UPI-903616022264	2,500
07/02/2019	UPI/sylcharlesw/903809906312/Crude servi	UPI-903809399017	1,000
07/02/2019	UPI/mahipat89ec/903816371380/Premium ser	UPI-903816035115	900
09/02/2019	UPI/nithkumar23/904011445566/Commodity	UPI-904011703545	1,000
10/02/2019	UPI/nsnkumar80@/904112177410/Calls	UPI-904112133693	950
12/02/2019	UPI/contactnewg/904322841631/Crude king	UPI-904322105080	1,000
13/02/2019	UPI/abhijeet.bh/904500973187/Stock premi (Value Date: 14-FEB-19)	UPI-904500885044	1,000
14/02/2019	UPI/bharath8887/904520205777/Trading cal	UPI-904520100066	1,000
16/02/2019	UPI/mithudev@ok/904716765714/Tips renewa	UPI-904716756955	950
18/02/2019	UPI/tamilanv@ok/904911020664/Crude pack	UPI-904911152270	800
24/02/2019	UPI/chalkeavi6@/905519442017/MCX Monthly	UPI-905519497035	700
26/02/2019	UPI/srinivasanu/905708576105/Calls paid	UPI-905708732059	1,000
01/03/2019	UPI/anandmuttha/906007792527/Mcx fees fo	UPI-906007476805	1,000
02/03/2019	UPI/gokulkr14@o/906111358022/MCX paid	UPI-906111622606	850
03/03/2019	UPI/sandippagar/906210125233/Rocket	UPI-906210148257	1,000
08/03/2019	UPI/vasubudidi@/906717685152/Crudefees	UPI-906717271784	900
08/03/2019	UPI/arpanmahesh/906717060420/Commodity t	UPI-906717281372	900
10/03/2019	UPI/phani.v.v@o/907000027620/Crude (Value Date: 11-MAR-19)	UPI-907000026307	550
12/03/2019	UPI/snitesh922@/907121303140/Rocket Cash	UPI-907121294608	850
13/03/2019	UPI/wasteiphone/907215919626/MCX akhil	UPI-907215246766	999
14/03/2019	UPI/mailmelrkan/907317727109/TRADING FEE	UPI-907317017611	
16/03/2019	UPI/contactnewg/907518265950/Crude king	UPI-907518215810	1,000
18/03/2019	UPI/vickyrm90@o/907707560291/Mcx	UPI-907707186627	999
18/03/2019	UPI/papz2255@ok/907721317249/Calls	UPI-907721590253	950
20/03/2019	UPI/bharath8887/907920670756/For Trading	UPI-907920670949	1,000
23/03/2019	UPI/nithkumar23/908212198653/Commodity a	UPI-908212814804	1,000
24/03/2019	UPI/8089980314@/908318116204/tips renewa	UPI-908309858485	950
25/03/2019	UPI/acsselvaman/908416004767/Crude Tips	UPI-908416858641	900
28/03/2019	UPI/9986204103@/908712921100/For MCX COM	UPI-908712898379	1,000
30/03/2019	UPI/saigydinesh/908915595642/Crude	UPI-908915127905	950

Date	Narration	Chq/Ref No	Deposit (Rs.)
10/04/2019	UPI/daya9sh@okh/910021820714/Crude subsc	UPI-910021171976	900
12/04/2019	UPI/debasmita.d/910206038701/Trading	UPI-910206992782	950
12/04/2019	UPI/ranasingh47/910207683728/Advice fee	UPI-910207002176	1,000
13/04/2019	UPI/dineshk0809/910312316261/Mcx	UPI-910312966555	700
14/04/2019	UPI/02691050034/910417965485/TRADING	UPI-910417700575	
17/04/2019	UPI/vijaycakoru/910709564834/Mcx vijay k	UPI-910709869112	950
24/04/2019	UPI/nirav271092/911408418016/Equity intr	UPI-911408809270	950
29/04/2019	UPI/contactnewg/911919662685/Crude king	UPI-911919760694	1,000
01/05/2019	UPI/vensb941@sb/912110976531/Advisory Fe	UPI-912110526478	950
02/05/2019	UPI/shelkeashis/912216620329/Cash Calls	UPI-912216169208	950
03/05/2019	UPI/jadhav.naya/912309007875/Crude paid	UPI-912309534444	900
06/05/2019	UPI/9986204103@/912639608434/For Crude m	UPI-912613401221	1,000
07/05/2019	UPI/pothireddyk/912721485304/rocket cash	UPI-912721255630	999
07/05/2019	UPI/mithudev@ok/912721004858/Tips may	UPI-912721328611	950
09/05/2019	UPI/manishkgupt/912917920562/Rocket Cash	UPI-912917465433	950
10/05/2019	UPI/mlm2012.18v/913014876893/Commodity p	UPI-913014536426	950
11/05/2019	UPI/nawazuddin6/913110040368/Rocket call	UPI-913110429797	900
13/05/2019	UPI/harshiddhma/913321450622/Mcx premium	UPI-913321273401	950
13/05/2019	UPI/dranilnh@ok/913402069898/Crude (Value Date: 14-MAY-19)	UPI-913402655410	950
15/05/2019	UPI/anoopkumarb/913517186393/Stock	UPI-913517330009	950
15/05/2019	UPI/02691050034/913522365965/trading	UPI-913522090108	
02/06/2019	UPI/ajaymadhav@/915317861132/Tips cash J	UPI-915317906489	950
05/06/2019	UPI/ramanji1m@o/915610633110/CAlls	UPI-915610595468	1,950
10/06/2019	UPI/contactnewg/916115520008/Crude king	UPI-916115627815	1,000
15/06/2019	UPI/mithudev@ok/916621444072/Tips	UPI-916621968817	950
17/06/2019	UPI/rameshkrish/916820695157/Cash calls	UPI-916820337580	950
18/06/2019	UPI/jadhav.naya/916916628649/Crude paid	UPI-916916169088	900
20/06/2019	UPI/aarayam2786/917122284138/For trading	UPI-917122817671	950
23/06/2019	UPI/snpatelph@o/917422373833/Rocket	UPI-917422948274	950
25/06/2019	UPI/tofikshaikh/917621873400/Rocket Cash	UPI-917621850286	950
29/06/2019	UPI/p.vengadesh/918009097167/Trading cal	UPI-918009238228	999
30/06/2019	UPI/9987833308@/918172300127/Crude tips	UPI-918118254801	950
30/06/2019	UPI/vensb941@sb/918120293427/Stock Fees	UPI-918120560317	950
02/07/2019	UPI/pathanshaki/918316825924/Cash calls	UPI-918316926796	950
05/07/2019	UPI/aaditya.har/918608172158/Crude premi	UPI-918608166034	999
07/07/2019	UPI/9270209555@/918817417757/Trading	UPI-918817486496	900
08/07/2019	UPI/rajesh.raja/918914454422/Trading	UPI-918914857188	950
09/07/2019	UPI/ajayravi198/919017761744/ROCKET CALL	UPI-919017252106	950

Date	Narration	Chq/Ref No	Deposit (Rs.)
09/07/2019	UPI/swapnilarek/919023617649/Crude servi	UPI-919023375308	900
18/07/2019	UPI/lakki888@ok/919916966012/calls	UPI-919916382897	900
20/07/2019	UPI/7385889097@/920130349166/For Crude t	UPI-920110706530	850
22/07/2019	UPI/bhavsar.bhu/920323694891/Crudeking	UPI-920323926854	950
26/07/2019	UPI/jasiremail@/920708374388/Crude tips	UPI-920708617221	999
29/07/2019	UPI/9986204103@/921015030702/Crude king	UPI-921015574941	1,000
30/07/2019	UPI/prtated0190/921108667188/Crude one m	UPI-921108241676	900
30/07/2019	UPI/shweta.sink/921113237632/Equity cash	UPI-921113926680	950
31/07/2019	UPI/sans2001d@o/921208706993/Calls	UPI-921208059771	950
01/08/2019	UPI/9033781950@/921360278142/Rocket cash	UPI-921320156043	500
03/08/2019	UPI/snpatelph-1/921511446556/Rocket	UPI-921511994441	950
04/08/2019	UPI/subhank.raj/921614864835/Share Calls	UPI-921614706463	950
08/08/2019	UPI/ganapathy.a/922007879377/Crude tips	UPI-922007538960	950
09/08/2019	UPI/milindwasek/922116763191/Commodity	UPI-922108083379	950
13/08/2019	UPI/varma.swipe/922509748369/Commodity f	UPI-922509515766	850
13/08/2019	UPI/pavan2226-2/922519036604/Crude	UPI-922519322636	900
17/08/2019	UPI/9597542720@/922918234411/Commodity c	UPI-922909816803	950
22/08/2019	UPI/skhush683@o/923407546686/Premium cal	UPI-923407041781	950
04/09/2019	UPI/8886912221@/924732382473/Cash calls	UPI-924708560073	999
05/09/2019	UPI/9229446674@/924824973315/CRUDE KING	UPI-924808115306	500
06/09/2019	UPI/pssreeram@o/924921916778/Rocket cash	UPI-924921117137	999
08/09/2019	UPI/vpvipulmpat/925112628275/Rocket cash	UPI-925112030933	999
08/09/2019	UPI/puli.loyoli/925117654772/Calls	UPI-925117004882	950
09/09/2019	UPI/9986204103@/925226802627/For MCX	UPI-925213372530	1,000
09/09/2019	UPI/shweta.sink/925217774545/Cash calls	UPI-925217364471	950
11/09/2019	UPI/blramu@okic/925409563716/Rocket	UPI-925409716182	2,100
15/09/2019	UPI/rottianand1/925816848200/Crude	UPI-925816222705	900
15/09/2019	UPI/dhakraokara/925821647586/Mcx call	UPI-925821476794	900
16/09/2019	UPI/mithudev@ok/925921644095/Tips septem	UPI-925921842818	950
17/09/2019	UPI/nimmakantia/926021315971/Trading mon	UPI-926021167843	950
24/09/2019	UPI/9945666650@/926748287471/Crude premi	UPI-926712417209	950
30/09/2019	UPI/rohansk777-/927314663799/Rocket cash	UPI-927314850067	800
30/09/2019	UPI/benglish279/927323677777/Crude	UPI-927323711450	900
05/10/2019	UPI/9843635910@/927838970134/Rocket cash	UPI-927819708785	950
06/10/2019	UPI/jeevanrajku/927909075113/Subs crude	UPI-927909130431	950
08/10/2019	UPI/9842815796@/928157198338/Crude calls	UPI-928119471374	950
11/10/2019	UPI/nkn821@okic/928409039639/MCX	UPI-928409455108	950
16/10/2019	UPI/mailtophani/928921989669/Rocket cash	UPI-928921385876	950

Date	Narration	Chq/Ref No	Deposit (Rs.)
19/10/2019	UPI/shweta.sink/929213319427/Cash calls	UPI-929213496076	950
20/10/2019	UPI/vensb941@sb/929316007565/Stock Fees	UPI-929316805348	950
20/10/2019	UPI/gauri.saura/929320534981/For Trading	UPI-929320683923	950
21/10/2019	UPI/9962281911@/929408307760/Calls	UPI-929408548347	950
23/10/2019	UPI/karthik721@/929632449981/For equity	UPI-929608087400	950
26/10/2019	UPI/gangulov4u8/929915390498/Mcx	UPI-929915121777	850
27/10/2019	UPI/mithudev@ok/930020192164/Tips oct28	UPI-930020160382	950
30/10/2019	UPI/9326497833@/930316506518/For mcx	UPI-930308719744	950
30/10/2019	UPI/bhavsar.bhu/930317026387/Crudeoil	UPI-930317841235	950
04/11/2019	UPI/9028161181@/930818598465/Crude	UPI-930809385181	950
04/11/2019	UPI/jeevanrajku/930812180671/Crude subsc	UPI-930812153259	950
05/11/2019	UPI/gokulkr14@o/930911274245/Latest MCX	UPI-930911370091	999
11/11/2019	UPI/8374524346@/931551694079/Stock marke	UPI-931517843071	999
13/11/2019	UPI/9597542720@/931708348921/Crudeoil an	UPI-931708899229	950
13/11/2019	UPI/devaki.viji/931719103345/Crude king	UPI-931719604297	950
19/11/2019	UPI/sitaram.gan/932308408146/Rocket stoc	UPI-932308067097	500
19/11/2019	UPI/sitaram.gan/932309467245/Rocket stoc	UPI-932309092500	499
19/11/2019	UPI/veerasiva23/932314670387/Stocks	UPI-932314005174	999
19/11/2019	UPI/justritz7@o/932317114377/Intra calls	UPI-932317677934	990
24/11/2019	UPI/kandkurtela/932810239470/Calls	UPI-932810511956	999
25/11/2019	UPI/skhush683@o/932922444658/Premium tip	UPI-932922846783	999
28/11/2019	UPI/ysravindran/933209373309/Crude calls	UPI-933209280624	999
29/11/2019	UPI/avadhutgiri/933315582792/Crude	UPI-933315597942	999
30/11/2019	UPI/shweta.sink/933411120045/Calls	UPI-933411016722	950
01/12/2019	UPI/saurabh.bha/933533608528/Trading fee	UPI-933511311985	950
01/12/2019	UPI/9962281911@/933519364570/Calls	UPI-933519475276	950
03/12/2019	UPI/anbuselvaa7/933707052201/Trading pur	UPI-933707488735	950
04/12/2019	UPI/bhavbeauty2/933809959169/Crude one m	UPI-933809273053	950
05/12/2019	UPI/irshadsd63@/933909985194/For crude s	UPI-933909077849	999
05/12/2019	UPI/jeevanrajku/933915231574/Crude subsc	UPI-933915795522	950
07/12/2019	UPI/9843635910@/934136672326/Crudeoil ti	UPI-934109194147	999
07/12/2019	UPI/7738871059@/934138176770/Banknifty	UPI-934119251904	999
07/12/2019	UPI/bhavsar.bhu/934119095636/Crudeoil	UPI-934119261580	950
08/12/2019	UPI/mithudev@ok/934221598316/Dec tips	UPI-934221996812	950
10/12/2019	UPI/ajayakshaym/934408320999/Crude king	UPI-934408263703	999
10/12/2019	UPI/vishnoi.din/934422846013/Stock calls	UPI-934422311156	999
11/12/2019	UPI/9689686464@/934527993159/Crude oil t	UPI-934509036182	1,000
11/12/2019	UPI/smit.mehta7/934514192327/Trade calls	UPI-934514633022	999

Date	Narration	Chq/Ref No	Deposit (Rs.)
11/12/2019	UPI/chirufairgu/934522283733/Rocket intr	UPI-934522789877	999
12/12/2019	UPI/rhadarshtvm/934607231229/rocket prem	UPI-934607322091	999
12/12/2019	UPI/catherinebi/934613107821/Commodity c	UPI-934613575810	999
13/12/2019	UPI/9823176242@/934732341151/Trading mon	UPI-934708760265	999
14/12/2019	UPI/abhideepgkv/934811956623/Equity Cash	UPI-934811737159	999
15/12/2019	UPI/rvcool89@ok/934911808542/Crude	UPI-934911726267	950
29/12/2019	UPI/9597542720@/936320605779/Crudeoil ca	UPI-936310608244	950
29/12/2019	UPI/eswara.ap@o/936318431200/MCX Ajay	UPI-936318933006	950
01/01/2020	UPI/gokulkr14@o/000108131661/Mcx premium	UPI-000108557285	1,000
05/01/2020	UPI/devaki.viji/000512090157/Tips	UPI-000512413803	1,000
09/01/2020	UPI/jacobprince/000908549440/Rocket cahs	UPI-000908330050	1,000
11/01/2020	UPI/vijuviswamb/001110009884/Tips	UPI-001110030116	998
14/01/2020	UPI/sachinshind/001419018440/Equity call	UPI-001419370582	999
15/01/2020	UPI/ashwinhiwra/001523080387/Trading	UPI-001523758961	999
18/01/2020	UPI/irshadsd63@/001813226218/For Crude s	UPI-001813061135	800
19/01/2020	UPI/7600390778@/001916845381/For stock	UPI-001916319224	999
19/01/2020	UPI/gunnutextil/001917478921/For Crude c	UPI-001917425865	1,000
20/01/2020	UPI/shweta.sink/002018444960/Cash calls	UPI-002018371001	950
20/01/2020	UPI/vijayakumar/002022512927/Cash calls	UPI-002022603700	999
22/01/2020	UPI/yadav.deepa/002215141475/Rocket call	UPI-002215592858	1,000
22/01/2020	UPI/anilpeter75/002219473941/Trading	UPI-002219827436	1,000
25/01/2020	UPI/alluaravind/002510465510/Crude oil	UPI-002510945087	999
25/01/2020	UPI/ajayakshaym/002512676159/Crude leval	UPI-002512472157	999
26/01/2020	UPI/ashishpandy/002613636051/Stocks	UPI-002613170399	1,000
26/01/2020	UPI/vanaparthim/002618000355/Crude tips	UPI-002618413762	1,000
27/01/2020	UPI/hitesh.lahe/002715323127/Trading tip	UPI-002715834450	999
27/01/2020	UPI/bhavsar.bhu/002716115573/Crudeoil	UPI-002716107088	950
28/01/2020	UPI/s.krishnav./002822552590/Crudeoil on	UPI-002822454035	1,000
03/02/2020	UPI/mihir.a.mis/003408118446/Cash calls	UPI-003408093939	999
04/02/2020	UPI/bhagya25shr/003509050704/Trading	UPI-003509429861	1,000
04/02/2020	UPI/vaishali.th/003515439119/For crude o	UPI-003515303569	1,000
06/02/2020	UPI/devaki.viji/003712480815/Tips	UPI-003712498854	1,000
10/02/2020	UPI/pandatapas9/004200048030/Rocket prem (Value Date: 11-FEB-20)	UPI-004200438067	1,000
15/02/2020	UPI/sdeod2atp@o/004614725427/Mcx calls	UPI-004614755158	950
25/02/2020	UPI/sharukumar@/005621685069/Crude premi	UPI-005621303400	999
25/02/2020	UPI/pradiptejya/005621627878/For options	UPI-005621342028	1,100.00
27/02/2020	UPI/avaradeumes/005807612182/crude subsc	UPI-005807152130	999
29/02/2020	UPI/gunnutextil/006016701001/For Crude a	UPI-006016165918	999

Date	Narration	Chq/Ref No	Deposit (Rs.)
03/03/2020	UPI/vanaparthim/006305619775/Crude tips	UPI-006305483850	1,000
03/03/2020	UPI/navin.rao14/006319543794/Equity cash	UPI-006319393287	950
03/03/2020	UPI/pjagannath1/006321140241/Mcx	UPI-006321438772	950
05/03/2020	UPI/prashantraj/006520355667/Crude king	UPI-006520617694	1,000
08/03/2020	UPI/sschunara@o/006817671057/Rocket call	UPI-006817373552	999
08/03/2020	UPI/mithudev@ok/006818145641/Tips	UPI-006818586980	950
10/03/2020	UPI/devaki.viji/007011395310/Trading tip	UPI-007011052807	1,000
10/03/2020	UPI/devaki.viji/007011434540/Commodity t	UPI-007011088089	1,000
11/03/2020	UPI/aliwasey043/007120451838/Calls	UPI-007120238879	1,000
12/03/2020	UPI/deobudh@ybl/007222768457/For trading	UPI-007222274658	1,000
13/03/2020	UPI/avkbhaskar@/007307883943/Tips	UPI-007307778223	1,000
16/03/2020	UPI/durairaj480/007607835973/Commodity s	UPI-007607765372	1,000
18/03/2020	UPI/srishtishiv/007808252572/Trading	UPI-007808346011	1,000
21/03/2020	UPI/ajaysahni99/008119051498/Tips for sh	UPI-008119790410	999
22/03/2020	UPI/9597542720@/008211857634/crudeoil ca	UPI-008211740041	950
22/03/2020	UPI/shsakariyan/008211003639/Tips	UPI-008211773952	1,000
22/03/2020	UPI/rafiudeen11/008217356011/Commodity	UPI-008217440216	1,000
23/03/2020	UPI/balsaravira/008320515886/Trading	UPI-008320370458	1,000
24/03/2020	UPI/pareshpatil/008416060555/Rocket Cash	UPI-008416625284	999
25/03/2020	UPI/badiyanimee/008516925218/Stock marke	UPI-008516556927	1,000
26/03/2020	UPI/yawankhede@/008607108358/Crude oil	UPI-008607858098	495
30/03/2020	UPI/9250756669@/009024607072/Ajay crude	UPI-009008925937	1,300
30/03/2020	UPI/pdalvi623@o/009015092774/Stock tips	UPI-009015229519	1,000
07/04/2020	UPI/vijaykrishn/009815384857/For trading	UPI-009815399307	1,000
07/04/2020	UPI/devendrahel/009822338369/Cash stock	UPI-009822241304	1,000
08/04/2020	UPI/8939770911@/009917404080/Rocket cash	UPI-009917570030	1,000
08/04/2020	UPI/santra.jati/009922493347/Equity intr	UPI-009922961216	1,000
10/04/2020	UPI/parveenaror/010109077858/Stock	UPI-010109066034	1,000
10/04/2020	UPI/araheem4340/010115030437/Premium mem	UPI-010115391382	1,200
12/04/2020	UPI/kotasairam1/010311018917/Stocks	UPI-010311993373	1,000
12/04/2020	UPI/satishaaa19/010321187970/stock	UPI-010321913190	1,300
14/04/2020	UPI/vpsheth543@/010510260125/Stock call	UPI-010510358747	1,000
14/04/2020	UPI/shweta.sink/010511295125/Calls	UPI-010511545111	950
15/04/2020	UPI/prashantraj/010608332315/Mcx Crude k	UPI-010608268999	1,000
16/04/2020	UPI/chinvik12@o/010715257345/MCX subscri	UPI-010715316995	1,000
18/04/2020	UPI/devaki.viji/010912123070/Tips	UPI-010912168116	1,000
18/04/2020	UPI/devaki.viji/010920136174/Commodity t	UPI-010920895235	1,000
19/04/2020	UPI/mithudev@ok/011012137921/Tips april	UPI-011012572760	950

Date	Narration	Chq/Ref No	Deposit (Rs.)
21/04/2020	UPI/anandamatka/011217047169/Premium ser	UPI-011217544013	900
22/04/2020	UPI/bhargav2903/011317046810/For equity	UPI-011317649143	1,000
23/04/2020	UPI/mickey7114@/011411420082/Stock marke	UPI-011411726222	1,000
23/04/2020	UPI/sbawa610@ok/011420030381/Trading	UPI-011420544917	1,000
25/04/2020	UPI/ramesh.nagi/011623529459/Rocket cash	UPI-011623173687	1,000
26/04/2020	UPI/mukesh.ajay/011710321629/For equity	UPI-011710821815	999
26/04/2020	UPI/avkbhaskar@/011719231459/Tips	UPI-011719425985	1,000
27/04/2020	UPI/prashant.ka/011833377402/Advisory fe	UPI-011811897482	1,000
27/04/2020	UPI/rajansurat@/011819735607/rocket call	UPI-011819513525	1,000
29/04/2020	UPI/sabnanihars/012020268756/Cash calls	UPI-012020819217	1,000
30/04/2020	UPI/chiragksarv/012115205176/Stock marke	UPI-012115239305	1,000
03/05/2020	UPI/blramu@okic/012415147192/Calls	UPI-012415701207	2,100
04/05/2020	UPI/rohandbhale/012521215627/RocketStock	UPI-012521015033	1,000
05/05/2020	UPI/harishankar/012616872011/Calls	UPI-012616902708	1,000
05/05/2020	UPI/ajay88tex@o/012622494876/Trading	UPI-012622286170	1,000
09/05/2020	UPI/pdalvi623@o/013010306918/Stock tips	UPI-013010072080	1,000
12/05/2020	UPI/pratikratho/013316980811/Trading	UPI-013316210945	1,000
13/05/2020	UPI/aakash.bad-/013419466570/Fno stocks	UPI-013419198543	1,500
13/05/2020	UPI/veerapanaid/013421856325/Trading tip	UPI-013421503180	750
13/05/2020	UPI/anjali.s.ja/013422184186/Rocket call	UPI-013422766224	1,500
15/05/2020	UPI/santosh.amu/013618237703/Crude charg	UPI-013618595415	1,000
17/05/2020	UPI/8939770911@/013819447996/Rocket call	UPI-013819536277	1,000
17/05/2020	UPI/nattoobhai@/013820662036/COMMODITY c	UPI-013820769384	1,000
17/05/2020	UPI/swetalshahs/013823417203/Commodity	UPI-013823153086	1,000
18/05/2020	UPI/dhanaabalan/013913448003/Trading cal	UPI-013913750006	1,000
18/05/2020	UPI/santra.jati/013922384763/Trading	UPI-013922872458	1,000
19/05/2020	UPI/ramsanexper/014021453050/For trading	UPI-014021672020	1,500
24/05/2020	UPI/swetalshahs/014517470769/CashEquityN	UPI-014517974919	1,000
26/05/2020	UPI/blackberry./014800486461/Stock (Value Date: 27-MAY-20)	UPI-014800679428	1,000
27/05/2020	UPI/sandeepkpku/014815072302/Tips	UPI-014815580416	1,500
27/05/2020	UPI/shweta.sink/014821066255/Calls	UPI-014821173391	950
29/05/2020	UPI/arunarthu@o/015008465392/Crude servi	UPI-015008542142	1,100
29/05/2020	UPI/minguite17@/015014937189/Trading	UPI-015014148891	1,500
29/05/2020	UPI/9971524709@/015015465159/Stock	UPI-015015274141	1,000
29/05/2020	UPI/ashutosh.di/015022235928/Stock	UPI-015022187821	1,000
31/05/2020	UPI/tusharjadha/015209099707/Calls servi	UPI-015209296304	1,000
31/05/2020	UPI/mithudev@ok/015210391916/Tips	UPI-015210403996	950

Date	Narration	Chq/Ref No	Deposit (Rs.)
31/05/2020	UPI/suryabhanth/015216331411/MCX Premium	UPI-015216104202	1,000
01/06/2020	UPI/harshsingro/015308443877/RocketCall	UPI-015308139509	1,000
01/06/2020	UPI/devaki.viji/015311464899/Commodity t	UPI-015311832424	1,000
02/06/2020	UPI/bhavesh.son/015416129376/For trading	UPI-015416893367	1,500
02/06/2020	UPI/9766701616@/015463595742/ROCKET CASH	UPI-015421675170	1,500
03/06/2020	UPI/nrreddy553@/015507777408/Stock	UPI-015507218673	2,000
03/06/2020	UPI/last46way@o/015601412415/calls (Value Date: 04-JUN-20)	UPI-015601404393	1,500
05/06/2020	UPI/kumar15980@/015708377006/Rocket call	UPI-015708202286	1,000
05/06/2020	UPI/roopesh.r.8/015720576467/Rocket	UPI-015720919397	1,000
06/06/2020	UPI/mukesh.ajay/015821295494/For equity	UPI-015821817220	999
06/06/2020	UPI/ramesh.nagi/015822729612/Rocket Cash	UPI-015822073010	1,000
07/06/2020	UPI/niranjanv13/015913995448/Trading	UPI-015913969687	1,100
07/06/2020	UPI/mhtiyr@okhd/015920045299/Rocket call	UPI-015920784825	1,500
10/06/2020	UPI/ballalprati/016214514392/Calls	UPI-016214942646	1,000
			3,11,040

5.5. Further, there were 2,242 credit transactions (other than above mentioned 316 transactions), for the amount ranging between Rs.900/- to Rs.1,200/- sum of which amounted to Rs.21,93,864/-.

Remarks	Amount (Rs.)
Credit Transactions with clear narration	3,11,040
Credit transactions ranging between Rs.900/- to Rs.1200/-	21,93,864
Total	25,04,904

5.6. Hence, the SCN has alleged that a total amount of Rs.25,04,904/- was received by the Noticee as fee for providing unregistered advisory services.

6. The SCN was sent to the Noticee by Speed Post with Acknowledgement Due (SPAD). A copy of the SCN was also forwarded at the e-mail address of the Noticee as available with SEBI. The SCN was duly delivered at the address of the Noticee, however, no reply to the SCN was received from the Noticee. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 14, 2024

vide hearing notice dated June 6, 2024. A copy of the hearing notice was also forwarded at the e-mail address of the Noticee.

7. On the day of the hearing (June 14, 2024), the Authorized Representative of the Noticee (hereinafter referred to as the '**AR**') appeared on behalf of the Noticee and requested for one weeks' time to reply to the SCN. The Noticee's request was acceded to and was granted time till June 21, 2024 to make his submissions in the matter. However, vide email dated June 21, 2024 the Noticee further sought one more weeks' time to reply to the SCN. As the Noticee had sufficient time to make his submission to the SCN, a last and final opportunity was granted and the Noticee was advised to make his submission to the SCN by June 26, 2024.

8. Vide email dated June 26, 2024 the Noticee has *inter alia* submitted the following:

. यह कि प्रार्थी को इस तथ्य का संज्ञान नहीं था कि शेयर बाजार से संबंधित सलाह देने पर SEBI के अन्तर्गत पंजीयन कराना अनिवार्य है। उक्त भूल अज्ञानतावश एवं सदाशयपूर्ण

यह कि प्रार्थी अपने कथन के समर्थन में बैंक स्टेटमेंट एवं अन्य प्रपत्र प्रस्तुत कर रहे हैं जिससे प्रमाणित होता है कि जी0एस0टी0 व इनकम टैक्स से संबंधित कार्य करने के लिए प्रार्थी द्वारा रू0 21,93,864.00 प्रोफेशनल फीस के मद में लिए गए हैं तथा मात्र रू0 3,11,040.00 शेयर बाजार के लिए दी गयी सलाह के संबंध में लिए गए हैं।

यह कि वकालत से संबंधित प्रेफेशनल फीस से संबंधित प्राप्त भुगतान का विवरण निम्नवत्

S.NO	GROSS RECIEPT FROM PROFESSIONAL (ADVOCATE)	GROSS RECIEPT FROM ADVICE GIVEN FOR SHARE MARKET
1-	**21,93,864.00**	**3,11,040.00**

यह कि ऊपर वर्णित विवरण से प्रमाणित होता है कि मात्र रू0 3,11,040.00 शेयर बाजार से संबंधित सलाह के मद में लिया गया है जो नगण्य है। अतः उक्त के आधार पर प्रार्थी के विरुद्ध कोई विपरीत निष्कर्ष नहीं निकाला जा सकता है।

यह कि प्रार्थी रू0 21,93,864.00 जो अधिवक्तीय पेशे के मद में लिये गये हैं, से संबंधित इनवायस के सैंपल भी प्रस्तुत कर रहे हैं जो अपने मुवक्किल/Client को जारी करते हैं, तथा उक्त के ऐवज में Client द्वारा प्रार्थी को फीस दी जाती है। अतः रू0 21,93,864.00 को शेयर बाजार से संबंधित नहीं माना जा सकता है।

यह कि विधायिका की सुस्थापित व्यवस्था है कि प्रार्थी पर किसी भी प्रकार का नकारात्मक भार नहीं डाला जा सकता है। यह सिद्ध करने का भार कि संपूर्ण प्राप्त धनराशि शेयर बाजार से संबंधित है, आप पर है, ना कि प्रार्थी पर।

यह कि इसके अतिरिक्त आप द्वारा जारी नोटिस में स्वयं यह माना गया है कि रू0 3,11,040.00 से संबंधित प्राप्त भुगतान शेयर से संबंधित है। अन्यथा भी किसी विपरीत निष्कर्ष निकालने के पूर्व प्रार्थी को किसी भी क्लाइंट/व्यक्ति जिसका प्राप्त भुगतान आप प्रार्थी के कथन से संबंधित नहीं मान रहे हैं, प्रार्थी उस प्रश्नगत व्यक्ति से Cross Examination /प्रति परीक्षण, का मौका चाहते हैं। इसके अतिरिक्त प्रार्थी उस व्यक्ति से भी प्रति परीक्षण का मौका चाहते हैं जिसके द्वारा प्रार्थी की शिकायत की गयी है।

C. CONSIDERATION OF ISSUES AND FINDINGS

9. Before dealing with the alleged violation in the extant matter, it would be appropriate to first refer to the relevant provisions of the SEBI Act, IA Regulations and the PFUTP Regulations. The relevant extracts of these provisions are as under:

<u>SEBI Act –</u>

REGISTRATION CERTIFICATE
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
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 –

REGISTRATION OF INVESTMENT ADVISERS
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 –

PROHIBITION OF FRAUDULENT AND UNFAIRTRADE PRACTICESRELATING TO THE SECURITIES MARKET
3. Prohibition of certain dealings in securities
No person shall directly or indirectly—
(a)….;
(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.
[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;
….
(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;
….

(s) mis-selling of securities or services relating to securities market;
[Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

(i) knowingly making a false or misleading statement, or
(ii) knowingly concealing or omitting material facts, or
(iii) knowingly concealing the associated risk, or
(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer];

10. Upon considering the material available on record, the following issues emerge for consideration:

<u>Issue No. I -</u> Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations?

<u>Issue No. II</u> - Whether the acts of the Noticee attract the prohibition under Regulations 3(b), (c) & (d) and 4(1), 4 (2)(k), 4 (2)(o) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act?

<u>Issue No. III</u> - If the issue(s) framed above are in affirmative, the directions and/or penalty that may be levied against the Noticee.

<u>Issue No. I -</u> Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations?

11. Regulation 2(1)(m) of the IA Regulations defines the term 'investment adviser' to mean any person, who is engaged in the business of providing investment advice to clients or other person or group of persons for consideration. Further, it includes any person who holds himself out as an 'investment adviser'. Regulation 2(1)(m) of the IA Regulations refer to terms '*consideration*' and '*Investment advice'*. As per Regulation 2(1)(g) of the IA Regulations, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. As per Regulation 2(1)(l) of the IA Regulations, *'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. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.

12. In the extant matter, during the examination period, the Noticee had vide email dated July 22, 2020 *inter alia* submitted that he is only a student having knowledge and interest in the field of share market and was not aware of the provisions of the SEBI Act. The Noticee has further admitted that he had created the telegram group to spread his knowledge and help others understand the share market in consideration of which a nominal fee was charged. Further, the Noticee has in his submission dated June 26, 2024 admitted that he was providing investment advices to his clients but he was not aware of the requirement for registration from SEBI for providing such advisory services. The Noticee has also admitted that he has grossly received Rs.3,11,040/- as fees from advisory services.

13. It is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations have been framed by SEBI to provide various safeguards to ensure that the interest of the investors who receive investment advice, are protected. One such safeguard provided under the said regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under Regulation 3(1) of the IA Regulations, which, inter alia, provides that, no person shall act as an Investment Adviser or hold itself out as an Investment Adviser, unless he has obtained a certificate of registration from SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations. Further safeguards provided under IA Regulations include continued minimum professional qualification and compliance with net-worth requirement for acting as an Investment Adviser, prior disclosure of all conflicts of interest, prohibition on the Investment Advisor from entering into transactions in securities himself, which are contrary to the advice given to the clients at least for 15 days from the date of giving such advice to the clients, mandatory risk profiling of investors, maintaining documented

process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc. In order to ensure protection of investors' interest who desire to receive investment advice from various Investment Advisors, it is imperative that any person carrying out investment advisory activities has to necessarily obtain a certificate of registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant regulations under the SEBI Act.

14. In the extant matter, I note that the Noticee has admitted to providing investment advice to his clients and receiving consideration thereof, for such services. The Noticee had created a telegram group and was charging a fee for advisory calls on equity. Moreover, the activities of the Noticee as brought out from the various materials available on record, viz. the screen shot of the chat messages and the credit transactions in Kotak Mahindra Bank Ltd (A/c No. 881XXXXX18) further supplement to show that the Noticee was acting as an Investment Advisor, while not registered with SEBI in the capacity of an Investment Advisor. Hence, the activities of the Noticee are in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

15. In this connection, I note that the Noticee has vide email dated June 26, 2024 while admitting to receiving Rs.3,11,040/- from unregistered advisory services has however claimed that the amount of Rs.21,93,864/- as provided in the SCN and also as detailed at paragraph 5.5 above is from professional fee as an advocate. The Noticee has therefore submitted that the amount of Rs.21,93,864/- as detailed therein in the SCN cannot be considered as fees received from advisory services and has sought cross-examination in the matter in case the same is treated as fee from unregistered advisory services.

16. I note from the SCN that during the examination period there were were a total of 3,241 credit transactions amounting to a total of Rs.41,72,196.48 in the bank account of the Noticee held in Kotak Mahindra Bank Ltd (A/c No. 881XXXXX18). Out of the said credit transactions, 316 transactions, amounting to Rs.3,11,040/-,

were having clear narration with the use of words like “Tips”, “Crude”, “Services”, “Stock”, “Options”, “Banknifty”, “Commodity”, “Trading”, “Equity”, “MCX”, “Rocket”, “Premium” etc. The narration of the aforesaid 316 transactions amounting to Rs.3,11,040/- has been admitted by the Noticee to be credits from unregistered advisory services undertaken by the Noticee. With respect to other 2,242 credit transactions (other than above mentioned 316 transactions), for the amount ranging between Rs.900/- to Rs.1,200/- sum of which amounted to Rs.21,93,864/- the Noticee has claimed the same to be from professional fee as an advocate.

17. As regards the claim of the Noticee that Rs.21,93,864/- is professional fee received as an advocate, I find it pertinent to refer to the Noticee’s submission dated July 22, 2020 made during the examination period (copy of which was enclosed in the SCN) wherein, the Noticee had *inter alia* informed that he was a student having interest in the field of share market and that he charged a nominal amount from customers to meet his educational expenses. In this regard, I find the Noticee’s claim of receipt of Rs.21,93,864/- as professional fee as an ‘advocate’ to be misleading in nature since he himself had submitted that he was a student during that period. Moreover, I also note from the aforesaid submission that the Noticee was admittedly having approximately 35,000 members in the Telegram group, therefore, considering the aforesaid customer base of the Noticee, the possibility of credit of more than Rs.3,11,040/- as advisory fee cannot be ruled out. Thus, the submission of the Noticee that he has collected only Rs.3,11,040/- as advisory fee cannot be accepted.

18. In view of the said fact, as the Noticee has admitted to receiving fees/credits in the account held in Kotak Mahindra Bank Ltd (A/c No. 881XXXXX18) from unregistered advisory activity and the direction for such activity is refund of such fee to investors/clients along with filing of a Report duly certified by an independent Chartered Accountant. Accordingly, at the time of submission of the said Report to SEBI, the Noticee is directed to provide the complete details of the extent of credits received i.e. a total of 3,241 credit transactions amounting to a total of Rs.41,72,196.48 in the aforementioned bank account along with the supporting documents duly certified by an independent Chartered Accountant.

<u>Issue No. II</u> - Whether the acts of the Noticee attract the prohibition under Regulations 3(b), (c) & (d) and 4(1), 4 (2)(k), 4 (2)(o) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act?

19. Regulation 3 of PFUTP Regulations prohibits certain dealings in securities wherein manipulative or deceptive methods are used, or any entity employs any devise or scheme or artifice to defraud in connection with dealing in or issuing securities and also engage in any act, practice, course of business which operate as fraud or deceit upon any person in connection any dealing in or issue of securities. Regulation 4(2)(k) of PFUTP Regulations provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. Regulation 4(2)(o) deals with fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income.[1] Regulation 4(2)(s) of the PFUTP Regulations prohibits mis-selling of securities or services related to securities market. Mis-selling has further been explained in the said Regulations to mean knowingly making false or misleading statements or not taking reasonable care to ensure suitability of the securities or services to the buyer.

20. The SCN has alleged that the Noticee provided investment advice in a reckless manner through the broadcast group and fraudulently induced investors and public by claiming that his advice had accuracy of 80-85%, thereby acting fraudulently and violating the aforesaid provisions of the SEBI Act read with PFUTP Regulations.

[1] Prior to Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 1, 2019. Regulation 4(2)(o) read as under:
(o) "encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission;"

21. I note that the Noticee has in his email dated June 22, 2020 *inter alia* submitted that he is not involved in any of the investment related activities and that he has deleted the broadcast group permanently and stopped spreading knowledge in share market with others. During the examination period, upon search of the broadcast group called ‘intraday rocket calls’, it was observed that the group was inactive and presently having only two subscribers. I find that the Noticee’s claim that he was merely sharing his knowledge and interest in stock market however informal and innocuous it may seem ought to be treated gravely especially when such advice is followed with a claim of giving 80-85% accuracy (as observed from the screen shots submitted by the complainant). Investment advices with the claim of accuracy is likely to induce unsuspecting investors to deal in the recommended stocks by the Noticee. It is pertinent to note that at present there are numerous instances in the market where gullible investors have suffered losses after being lured by such investment tips/advices received through online platforms like Telegram, WhatsApp etc. The perpetrators of such fraud where investors are induced to invest in stocks of certain listed companies are adopting new methods and technologies to defraud the investors. I further note that the impugned Telegram group created by the Noticee had around 35,000 members which is not a small operation and has a potential to fraudulently induce large number of unsuspecting investors into dealing in securities.

22. Thus, the scheme employed by the Noticee to induce unsuspecting investors to deal in recommended stocks by claiming that his advice had accuracy of 80-85% while not having the minimum qualification required for an Investment Adviser under the IA Regulations, is fraudulent in nature. Further, Noticee, by assuring guaranteed returns by investing in shares, has violated the fundamental canon of the securities market i.e. investments are subject to market risks and therefore, has knowingly misled the investors at large by engaging in acts, practices, course of businesses which operated as ‘fraud’ as defined under Regulation 2(1)(c) of the PFUTP Regulations.

23. Here, a reference is made to the observations made by the Hon’ble Supreme Court in *SEBI Vs. Kanaiyalal Baldevbhai Patel* (2017) 15 SCC 1–

"The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of <u>inducing another person to deal in securities</u>. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word <u>"induce"</u>." [Emphasis Supplied]

24. As a securities market regulator, it is SEBI's duty to safeguard the interests of investors and protect the integrity of the securities market. Fraudulent practices causing monetary loss to investors who have been induced to trade upends trust and confidence in the securities market which has a negative effect on the securities market.

25. In view of the forgoing paragraphs, I conclude that the Noticee has violated Regulations 3(b), (c) & (d) and 4(1), 4 (2)(k), 4 (2)(o) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act.

<u>Issue No. III</u> – In case the issue(s) framed above are in affirmative, the directions and/or penalty that may be levied against the Noticee.

26. As the answer to the issues framed above are in affirmative, the directions and/or penalty that may be levied against the Noticee are examined in the paragraphs below.

27. I note that SCN had called upon the Noticee to show cause as to why suitable directions under Sections 11(1), 11(4), 11(4A) and 11B (1) and 11B (2) of the SEBI Act including direction to refund the monies/fees collected from the clients towards the alleged investment advisory services and debarring the Noticee from trading and/or dealing in the securities market be not issued and why appropriate monetary penalty be not imposed upon him under Sections 15EB, 15HA and 15HB of the SEBI Act for the violations alleged in the SCN. The relevant provisions of Section 15EB, 15HA and 15HB of the SEBI Act are reproduced as under: -

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.*

Penalty for fraudulent and unfair trade practices.
***15HA.** If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher*

Penalty for contravention where no separate penalty has been provided.
***15HB.** Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

28. I note that Section 15EB of the SEBI Act was inserted in the SEBI Act by the Finance Act, 2018 with effect from March 08, 2019. As noted above, the Noticee continuously received investment advisory fees in its bank account since date of opening of such bank account. The bank account of the Noticee was opened on July 7, 2018 and closed on June 30, 2020. From the findings above, the Noticee provided advisory services without holding the certificate of registration from SEBI which is in violation of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act. Further, the Noticee also indulged in fraudulent activities of assuring guaranteed returns thereby violating Regulations 3(b), (c) & (d) and 4(1), 4 (2)(k), 4 (2)(o) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act. I therefore find that the Noticee is liable for penalty under Section 15EB, 15HA and 15HB of the SEBI Act.

29. Section 15J of the SEBI Act provide for factors which are required to be considered for adjudging quantum of penalty. The provision of Section 15J is 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."

D. DIRECTIONS:

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

30.1. The Noticee shall refund all the money collected/received as fees or consideration or in any other form, in respect of its unregistered investment advisory activities, in the manner as detailed hereinafter;

30.2. The Noticee shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one newspaper in vernacular language with wide circulation, detailing the modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;

30.3. The Noticee shall accept refund claims/requests for a period of 3 months from the date of public notice, as directed under paragraph 30.2 above.

30.4. The Noticee shall within a period of four months from the date of public notice, as directed under paragraph 30.2 above, carry out and complete the refund exercise;

30.5. Upon expiry of four months from the date of public notice, any balance of such advisory fee that remains with the Noticee, due to the inability to contact the client or otherwise, as directed in paragraph 30.2 above, shall be deposited in a dedicated escrow account, to be opened and maintained by the Noticee for a period of one year and utilized only for the purpose of refund to the clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;

30.6. The repayments to the claimants or clients shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channel, which ensures audit trail to identify the beneficiaries of repayments;

30.7. The Noticee is prohibited from selling assets, properties including mutual funds/shares/securities in demat and physical form except for the purpose of effecting 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 who were availing the investment advisory services from the Noticee;

30.8. 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 expiry of four months from the date of public notice, as directed above, along with the complete details on the extent of the stated credits received in the bank account of the Noticee as detailed in paragraph 18 of the Order, duly certified by an independent Chartered Accountant. The direction at paragraph 30.7 above shall cease to operate upon filing of such report. In case of disbursal of any amount from the said escrow account, the Noticee shall also file a report of such disbursal with SEBI, within a period of 15 days, after expiry of one year as directed in paragraph 30.5 above, duly certified by an independent Chartered Accountant;

30.9. The Noticee is restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of this order or till the date of filing of report, as directed in paragraph 30.8 above, whichever is later;

30.10. The Noticee is also restrained from associating, as a director or key managerial personnel, with any listed public company or any public company which intends to raise money from the public or any intermediary registered with SEBI, for a period of two years from the date of this order;

30.11. The Noticee shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in paragraph 30.9 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;

30.12. The Noticee is hereby imposed with penalty of **Rs. 5,00,000**/- (Rupees Five Lakh Only) under Section 15HA of the SEBI Act and **Rs. 1,00,000**/- (Rupees One Lakh Only) under Section 15EB and 15HB of the SEBI Act;

30.13. The Noticee shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following pathway, by clicking on the payment link: ENFORCEMENT → Orders → Orders of EDs/CGMs → PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

31. In case of failure of the Noticee to comply with any of the aforesaid directions mentioned in paragraph 30 above, SEBI, on the expiry of the stipulated time period therein, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws.

32. The direction for refund as given paragraph 30 above, does not preclude the complainants/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.

33. This order shall come into force with immediate effect.

34. A copy of this order shall be sent to the Noticee, Stock Exchanges, BSE Administration and Supervision Ltd (BASL), Depositories, Banks, Registrar and Transfer Agents for information and compliance of the above directions.

Sd/-

Date: August 7, 2024 **G RAMAR**

Place: Mumbai **CHIEF GENERAL MANAGER**

SECURITIES AND EXCHANGE BOARD OF INDIA