National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/65299	Date: November 28, 2024
Circular Ref. No: 410/2024	

To All NSE Members,

Sub: SEBI Direction in reference to Order in the matter of Optionsmaster Research Advisory Services

This has reference to SEBI Order no. QJA/GR/MIRSD/MIRSD-SEC-1/31004/2024-25 dated November 27, 2024 wherein SEBI has prohibited following entities from selling their assets, properties and holding of mutual funds / shares / securities held by them in demat and physical form except for the sole purpose of making the refunds as directed in SEBI order.

Sr. no.	Name of Entity	PAN
1	Options master Research Advisory Services (Proprietor – Somnath Patil)	AOXPP8950P
2	Om Consultancy (Proprietor – Surajkumar Lalaji Dubey)	CFRPD1265B

Further, SEBI vide email dated November 28, 2024 has directed to restrain above entities from buying and selling in all scrips and allow selling of securities for the sole purpose of making the refunds.

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

National Stock Exchange of India

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 directions in reference to Order in the matter of Optionsmaster Research Advisory Services

QJA/GR/MIRSD/MIRSD-SEC-1/31004/2024-25

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), 11(4A), 11B, 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992.

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Optionsmaster Research Advisory Services (Proprietor – Somnath Patil)	AOXPP8950P
2.	Om Consultancy (Proprietor – Surajkumar Lalaji Dubey)	CFRPD1265B

(The aforesaid entities are hereinafter collectively referred to as the "Noticees" and individually by their respective name or the Noticee No. in the Order.)

In the matter of Optionsmaster Research Advisory Services

A. BACKGROUND OF THE CASE:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an examination against a 'research analyst' viz., Optionsmaster Research Advisory Services (hereinafter referred as '**Noticee No. 1**') pursuant to a receipt of a complaint dated August 30, 2022 enclosing payment receipts made therein along with the screenshots of the website pages of the said Noticee, to look into the possible violations of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and various regulations framed thereunder including 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

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations**").

2. Thereafter, in order to ascertain the veracity of the complaint, a detailed examination was conducted by SEBI and on perusal of the website pages as enclosed by the complainant, it was observed that SEBI Registration No. INH000008622 was cited on the website pages. Upon further examination, it was observed that the aforesaid registration was granted to Noticee No.1 as Research Analyst, however in its website www.researchadvisor.in Noticee No.1 had referred to itself as a 'research advisor'. It was further observed from the webpages that Noticee No.1 offered 'investor specific services' by selling various packages based products after following risk profiling and suitability assessment.

3. Examination also revealed that Om Consultancy (hereinafter referred as '**Noticee No. 2**') was also providing unregistered investment advisory services in the name of Optionsmaster Research Advisory Services by entering into a Memorandum of Understanding (hereinafter referred as '**MOU**') with Noticee No.1 with a net profit sharing on 50-50 basis.

4. Based on the above, it was prima facie observed that Noticee No.1 and Noticee No. 2 were engaged in providing investment advisory services without obtaining a certificate of registration from SEBI as required under Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations. It was further observed that the Noticees undertook unregistered investment advisory services by planting false or misleading information through the website which was designed to, or likely to influence the decision of investors dealing in securities and the same is alleged to be in violation of Section 12 A(a), (b), (c) of SEBI Act read with Regulations 3(a), (b), (c) & (d), 4(1) and 4(2)(k) of the PFUTP Regulations.

B. SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated May 6, 2024 (hereinafter referred as "**SCN**") was issued to Noticee No.1 and Noticee No.2 calling upon them to show cause as to why a suitable direction should not be issued against them under Sections 11(1),

11(4), 11(4A) and 11B (1) and 11B (2) of the SEBI Act. The Noticees were also called upon to show cause as to why a suitable penalty under Sections 15EB and 15HA of the SEBI Act should not be imposed for the violations alleged in the SCN.

6. I note that the SCN has *inter alia* observed the following:

6.1 SCN observed that Noticee No.1 a SEBI registered Research Analyst was engaged in providing/offering unregistered investment advisory services through its website viz. www.researchadvisor.in. As per the website, various packages of services in equity and options segment with price ranging from Rs.12,500/- to Rs.2,75,000/- per month were being offered. Further, the website had a page dedicated to 'Suitability Assessment', certain excerpts from the website is reproduced as under for reference:

- *Research Advisor is a leading financial advisory firm in India.*
- *…please follow KYC, Risk Profiling, suitability assessment and service agreement and read all terms & conditions, all disclosure and disclaimer we provide.*
- *We have a basket of Research Services, please select the most suitable product as per your profile and financial goals.*

6.2 On perusal of the webpages enclosed by the complainant, it was observed that payment of fees for services rendered were to be made on a certain ICICI Bank account no. 1088XXXXXX52. Hence, the copies of Account Opening Form, KYC documents and account statements were sought from ICICI Bank for the aforesaid account number during the investigation. From the analysis of Account Opening Forms, KYC Details and Bank Account Statements in respect of Account no. 1088XXXXXX52, the following was observed:

(a) The ICICI Bank Account no. 1088XXXXXX52 was in the name of Noticee No.1, i.e. M/s. Optionsmaster Research Advisory Services.

(b) The ICICI bank account number 1088XXXXXX52 was opened on September 13, 2021 and was active as on July 11, 2023.

(c) Noticee No. 1 had vide submissions dated September 14 & 20, 2023 further submitted that a total of Rs.5,22,09,074 (Rupees five crore twenty-two lacs nine thousand and seventy-four i.e. approx. 5.22 crores) were collected from clients by providing various products and services during the period from September 14, 2021 to October 31, 2022.

(d) A total amount of Rs.2,45,35,127/- (Rupees Two crore forty-five lacs thirty-five thousand one hundred and twenty-seven i.e. approx. Rs.2.45 crores) was transferred to the proprietor of Noticee No. 2 Mr.Surajkumar Lalaji Dubey during the period from October 07, 2021 to November 03, 2022 as share of profit.

6.3 SCN further observed that a MOU was entered on November 13, 2021 between Mr. Somnath Subhash Patil - proprietor of Noticee No.1 and one Mr. Surajkumar Lalaji Dubey - proprietor of Noticee No.2. Upon perusal of the notarized and registered MOU as enclosed by the Noticee No.1, the following was *inter alia* observed:

(a) that Mr. Somnath Patil (proprietor of Noticee No.1) shall provide research and tips to Mr. Surajkumar Lalaji Dube (proprietor of Noticee No. 2), which will be further provided by Mr. Surajkumar Lalaji Dube to his prospective clients and customers;

(b) Mr. Surajkumar Lalaji Dube (proprietor of Noticee No.2), shall receive all the payments from clients in the account of ICICI bank having account no. 1088XXXXXX52 which belonged to Noticee no.1;

(c) that the net profit shall be shared on 50-50 basis between Somanth Patil and Surajkumar Lalji Dubey.

6.4 From a plain reading of the aforesaid contents of the website and a copy of the complaint, it was observed that the owner and administrator of the website www.researchadvisor.in was engaged in the business of providing Investment Advisory services to clients for consideration.

6.5 In light thereof, SCN thus alleged that Noticee No.1 collaborated with Noticee No.2 by entering into an MoU and provided/offered investment advisory service through the website www.researchadvisor.in, without getting registered as investment advisor with SEBI. It was further alleged that the Noticees provided ‘investor specific services’ rather than ‘security specific services’ by selling various package-based products after following risk profiling and suitability assessment. Such acts by the Noticees knowing fully well that they were undertaking unregistered investment advisory services by planting false or misleading information through the above website is fraudulent in nature.

7. In response to the SCN, vide letter dated June 3, 2024, Noticee No.1 has inter alia submitted as under:

1. I made an application as an individual in the name of Somnath Patil which was approved by SEBI on August 9, 2021. I was providing research services through the website www.researchadvisory.in (herein referred to as the “old website") then. The old “website was operational from October 2021 to 'October 2022, buffering only research-based services on derivatives.
2. Thereafter, I made an application for addition of my proprietorship named M/s Options master Research Advisory Services, which was approved by SEBI and currently I am providing the research services through the website https://optionsmaster.in/index.php (herein referred to as the “new website“).
3. Referring to the Annexure 2 of the SCN, the fact that I am registered with 5EBt as a research analyst with the SEBI registration number is clearly mentioned on the old ”website.
4. SEBI's Indore Local Officer received a complaint from Mr. Vimal Kumar Yadav (herein referred to as the "Complainant") on August 30, 2022 via email as per the Annexure 1 of the SCN. In the email, the Complainant has neither mentioned his concerns in detail nor has mentioned that I am providing investment advisory services.
5. Vimal Kumar Yadav was onboarded as a client on March 26, 2022 and was sent the following documents through email to yadav.vimalkumar@yahoo.com.
a. Refund Policy
b. Disclosure Document
c. Disclosure with Advice
d. Terms and conditions
The copies of the above-mentioned documents are enclosed as Annexure A-1, A-2, A-3 and A-4 of this notice. The copy of the email sent to him is enclosed as Annexure
6. The Disclosure Document, the document for Disclosure with Advice as well as the terms and conditions document again clearly mention that Optionsmaster is registered with SEBI as a Research Analyst with the SEBI registration number.
7. Clause 4 of the SCN mentions that I was engaged in providing / offering investment advisory services. However, the SCN does not clearly mention which section of the website mentions such. There is nowhere mentioned on the old website that I am providing investment advisory services.
8. Referring to the definition of "research analyst" as per Regulation 2(1)(u) of the SEBI (Research Analyst) Regulations, 2014,
"Research analyst” means a person who is primarily responsible for-

i. preparation or publication of the content of the research report; or
ii. Providing research report; or
iii. Making 'buy/sell/hold' recommendation; or
iv. Giving price target; or
V. offering an opinion concerning public offer,
With respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.
Referring to Annexure 3 of the SCN and various pages of Annexure 2 of the SCN, it is clearly mentioned that I provide calls and recommendations in Derivatives (Futures, Index Futures, Stock Index, Stock Options and Index Options) which comes under the definition of Research Analyst as mentioned above.
The details of the recommendations given to clients were shared with the officers during the inspection. The screenshots of the recommendations given to the clients are enclosed as Annexure B (on sample basis) where it is clearly mentioned that I have given "buy" recommendations.
Taking the facts into consideration, I was and am engaged in providing recommendations and offering research analyst services.
9. In the "About" section of the Old Website it is mentioned that the "Research Advisor is a leading financial advisory firm in India". However, it does not mention providing "Investment Advisory" services. The words "financial" and "advisory" were inadvertently mentioned, since they are commonly used terms in layman's language, without any intention of denoting it as "investment advisory". The definition of Research Analyst clearly mentions ".....whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis". I acknowledge my oversight and request SEBI to consider the manner in which services are provided to the clients and not the words mentioned inadvertently on the old website.
10. In addition to the above, referring to clause 4(b) and (f) of the SCN, I accept that the old website had the webpage on Suitability Assessment. However, I request SEBI to consider the fact that I did not carry on risk profiling or suitability assessment of any client. The words "Please follow risk profiling, KYC, suitability assessment before starting any service" and the information on the web page on Suitability Assessment is very generic in nature and was mentioned for education purpose and knowledge of the clients opting for my services Nowhere on the old website it is mentioned that I carried on risk profiling and suitability assessment and has neither been established by SEBI that I 'carried on risk profiling and suitability assessment.
As per regulation 16 of the SEBI (Investment Advisers) Regulations, 2013, the process of risk profiling involves collection of specific details pertaining to age, income, investment objectives, and financial circumstances, inclusive of assets and liabilities. It is imperative to note that I have neither solicited nor gathered any information from clients in adherence to said regulations. Furthermore, I have abstained from utilizing any questionnaire to procure the requisite data as mandated by the Investment Advisor regulations. The absence of information collection in accordance with the aforementioned criteria delineates a clear indication that my operations do not align with those of an Investment Advisor. Notably, there is no assertion on the website indicating the provision of customized services to individual clients. Therefore, the suitability page primarily serves as a tool for self-assessment in a general capacity rather than a specific one.

In fact, referring to clause 4 (c), it is clearly mentioned that I provide research services and the clients are requested to select the products (services) suitable to their profile and financial goals. I did not select any product for any client. The clients subscribed to my research services. My research services are not specific to any client or for the benefit of any particular client. Through my research services, I provided my views on derivatives. Derivatives is considered as a security under the definition of "securities as per section 2(h) of the Securities Contract (Regulation) Act, 1956.

11. Referring to Clause 5 of the SCN, a Memorandum of Understanding (herein referred to as MOU) was entered into with Mr. Suraj Lalji Dubey (proprietor of Om Consultancy) to promote my research services. The MOU clearly mentions the following:

a. Refer to clause 2 of the MoU - I am registered with SEBI as a Research Analyst and provide research in equity, commodities and other markets.

b. Refer to clause 3 of the MOU-the research of Optionsmaster will be provided to prospective clients, customers of Om Consultancy

c. Refer to clause 4 of the MOU research and tips will be provided by Optionsmaster

I deny the allegation by SEBI that we were involved in providing investment advisory services. Notably, nowhere in the MoU it is mentioned that Optionsmaster and Om Consultancy are engaged in providing investment advisory services.

12. The process followed for clients opting for my research services via promotion by Om Consultancy was that once the client has made the payment of fee for research service(s) to my account, the client was added to the "telegram channel" belonging to Optionsmaster. The clients then receive research recommendations on Derivatives through the Telegram platform. The services were always "security specific" and not "client specific". The screenshots of the recommendations given to the clients were also shared with by the officers during the inspection which proves that the services are "security specific". There is absence of sufficient proof mentioned in the SCN that the services are "client specific".

13. In the SCN and the Annexures to the SCN, SEBI has not shared any information on where it is mentioned or how it is established that the services were "client specific" and that I was providing "investment advisory services". The allegations that the services were "client specific" is not clearly established by SEBI in the SCN.

14. All the clients onboarded were shared the documents mentioned under clause 5 of this reply via email. The documents clearly mentioned that I was providing the services as a Research Analyst. Neither the complaint of Mr. Vimal Kumar Yadav nor the disclosures on the old website mention that I was engaged in the activities as an investment adviser. Hence, the allegations by SEBI that Optionsmaster and Om Consultancy were involved in activities as an investment adviser are completely denied.

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8. Vide letter dated August 20, 2024 Noticee No. 2 has inter alia submitted as under:

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1. That, the averments in para 2 of the SCN are denied in toto, for being false and frivolous in nature as Firstly, the notice does not mention as to where these purported and alleged screenshots have been taken from, when it is admitted that the website is not operational Secondly, the alleged screenshots do not contain any accounts number as stated in para 3 so it cannot be connected to the company of noticee number 1 in the present SCN. Thirdly, if the website is searched on archive.org which is the website

SEBI normally relies upon during its investigation, it will be found out that the said screenshots could have been taken from the website when it was operational in 2023, However in present case it is the admitted position that the company of Noticee no. I was not working after Sept 2022 with the answering respondent.

2. That, if a further investigation is made in the available screenshots of 2022 on archivc.org it will be clear that there was no mention of Risk profiling or Suitability Assessment during the tenure when answering respondent was working with noticee no. l. Furthermore the Noticee no. I has provided a list of 1692 clients and to implicate the noticees in such a serious allegation of operating an unregistered investment advisory SEBI ought to have made enquiry with some clients if they had undergone any Risk Profiling or Suitability Assessment by company and can share such a document/ Mail. It is categorically submitted with full responsibility that no client not even a single client out of 1692 clients was offered Risk Profiling or Suitability Assessment by company, and SEBI can this with clients.

3. That, such serious allegations as that of operating unregistered investment advisory ought to have been made on some palpable evidence that could inspire some confidence, making allegations on basis of screenshot of website without any further enquiry does not discharges the burden of proof of preponderance of probability.

4. that, averments made in para 3 are formal in nature and are related to noticee no. 1 and thus answering respondent cannot comment on these averments.

5. That, averments made in para 4 are arbitrary, capricious, frivolous and unsubstantiated as they are made on the basis of surmises and presumptions based on completely flimsy grounds without any detailed enquiry into actual operations of the firm, for the purposes of brevity the submissions made in aforementioned paragraphs are not repeated here, however it is pertinent to mention that, in sub-point (b) of para 4 with heading About Research Advisor the line "(b) Please Follow risk profiling, KYC, suitability assessment before starting any services. " Firstly, the screenshots are of website from 2023 which was in development stage and there was no business conducted at that time. Secondly, this was proposed to instruct the customer to get his risk profiling and suitability done by himself before buying any service, the client shall not buy any service without proper & assessment.

6. That, it is also pertinent to mention here that the SEBI has conducted proper compliance Audit of the noticee no. I in December 2022, and the Audit report does not mentions that there is any finding that Noticee has operated any unregistered investment advisory or provided any client with personalised services, furthermore the noticee used to provide only security based service through telegram channel which was also examined by the Audit team and as all clients subscribed to same channel and same message was delivered to all clients, the very question of providing client based service does not arise.

7. That, the averments in para 5 are formal in nature and are not in form of allegations thus no specific reply is needed, However the answering respondent submits that his MOU was to provide Human Resource to Noticee number 1 and manage its human resource requirement farther, no client has made any payment in the account of 0m Consultants all payments were received in authorised accounts only, all salaries and rents paid by company from its authorised accounts and thereafter the respondent received his commission thus there is no illegality in this transaction, as the answering respondent did not provide any Research recommendation to anybody nor did he took any payment from any individual in his accounts he was just a vendor to the company and cannot be subjected to scrutiny under SEBI act, and if that is the case of SEBI then *all the employees who have received salaries shall also be subjected to similar prosecution as they are also similarly situated in the case. At the cost of repetition, it is again stated that SEBI has conducted a Compliance Audit of company in December 2022 and has not found any of its operations in violation of SEBI act as alleged in this SCN.*

8. That, it is pertinent to mention here that the noticee number I vide email dated 14/09/2023 also clarified that the company does not undertakes risk profiling & suitability assessment and the noticee no. I has also provided a complete list of clients along with their contact details, in such a case present notice being issued in May 2024 without any enquiry into these facts casts grave aspersions on the investigation done in the present case.

9. That, it is submitted that the website was in development stage in 2023 and no business was done in that period and thus the developer was given links of some websites for reference purposes, however the developer by mistake copied some texts from those websites and used it in our website, however as no business was done in that period the entire website was taken off from the internet as the Proprietor was not satisfied by the contents of website.

10. That, SEBI does not provides any training or Do's and Don'ts to its registered intermediaries and the noticee no.l in good faith suggested the web-developer to study other websites to update the website, the developer by mistake copied some write-ups from other websites and updated those, it has been submitted by noticee no. I that they do not undertake risk profiling and suitability assessment but they suggest their client to do their own risk profiling and suitability assessment before buying any of their products as to wether these products suit the needs of clients or not. In such a case as the company does not provide individual advice but provides only security specific advice the business cannot be alleged as that of unregistered investment advisor but is surely that of a Registered Research Analyst.

11. That averments in para 6 are formal in nature and are related to noticee no. I thus they do not need specific reply, However all averments are denied if there is any negative inference drawn by these averments against the answering respondent.

12. That, the averments in para 7 are false, frivolous, arbitrary and capricious as the observation against the answering respondent for collaborating with noticee no. 1 for providing unregistered investment advisory services are totally based on assumptions and surmises without an iota of proof, it is specifically stated that the respondents be given an opportunity to cross examine the investigating officers who are prosecuting this case. So that it can be ascertained as to why even after having contact details of 1692 clients they have not taken pains of taking evidence of risk profiling and suitability assessment from even 10-20 of them on sample basis, the only logical conclusion is that even the investigating officers know that the company has been audited for compliance in December 2022 and no grave violation has been found and the company is working as per RA Regulations and thus an unsubstantiated allegation is made with an intention to harass the respondents. Further as the noticee no. I is registered with SEBI and all research wether in compliance of provision or in violation has been provided by Noticee no. I and noticee no. 2 has not provided any research or recommendation to any one, nor has taken any fees from any client, thus No violations or regulations are attracted towards Noticee number 2.

If SEBI is to prosecute noticee number 2 it shall prosecute all employees and vendors of Noticee no. 1 who have received any payments from Noticee no. I because this is *completely out of Hon'ble Boards Jurisdiction to prosecute someone who has not taken a single penny from any client and not provided a single recommendation.*

13. That, the averments made in para 8 are denied in toto for the reasons aforementioned and for the purposes of brevity the arguments are not repeated here.

14. That, the allegations in para 9 are denied in toto for being false, frivolous, arbitrary and capricious for the reasons already stated in paragraphs above and it is reiterated that to hold an allegation true SEBI has to establish it at least with preponderance of probability, if not beyond reasonable doubt, however in the present case SEBI has nothing to prove not even a shred of evidence let alone preponderance of probability, the screenshots relied upon are all from 2023 and at that time company has not taken any client.

15. That. the averments in para 10 are also denied for reasons aforementioned and thus are false and frivolous in nature, it is peculiar to note that SEBI investigation officer has not even once mentioned that how were these alleged personalized services provided to the clients, the only logical conclusion for this is that investigation officer knows that advice was provided through telegram channel and all clients were receiving same messages which itself proves that the service was security specific and not personalised thus the question of Investment advice does not arise.

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9. Accordingly, an opportunity of personal hearing was granted to the Noticees on September 19, 2024 vide email dated September 4, 2024.

10. On the scheduled date of hearing i.e. September 19, 2024 the proprietor of the Noticee No.1 along with a company secretary appeared as Authorized Representative (hereinafter referred to as the '**AR**') on behalf of Noticee No.1. The AR requested time to make further submissions in the matter which was acceded to and was granted time till September 30, 2024 to make further submissions in the matter.

11. Thereafter, vide letter dated September 27, 2024 Noticee No.1 has *inter alia* submitted the following:

1. Client On boarding and Communication:

Since we were required to submit documents for any one month of the inspection period, we are submitting the documents and information for the month of October 2022.

a. In October 2022, I offered the following products:

Index Option — regular plan

Index Option — HM Plan

In Index Option — Regular plan, research recommendations on Bank Nifty Options (for intraday) were provided.

In Index Option — HM Plan, research recommendations on Nifty Options, Bank Nifty Options, and Stock Options (for intraday and positional) were provided.

96 Clients were successfully on boarded for Index Option — Regular and 22 clients were successfully on boarded for Index Option — HNI Plan.

b. Whenever the client joined, he / she received a welcome email that included a link to our official communication (telegram channel. The email explicitly stated: "Kindly join our official channel through the link below. Only recommendations through the said channel are approved and valid; all other sources including any of our employees, including your RM, are also invalid and not entertain able."

This emphasizes our commitment to ensuring that clients receive authentic research only through official channel.

Please refer to Annexure IA - Client Email Communication for Index Option — Regular plan.

Please refer to Annexure 1B - Client Email Communication for HNI plan.

The disclosures and the Terms and Conditions documents, which were given along with the welcome email, were already submitted along with the response to the Show Cause Notice as Annexures Al, A2, A3 and A4.

c. All the clients who joined the link were admitted to the telegram channel. The research recommendations were published on the telegram channel and all the clients present in the telegram channel received the recommendations at the same time. Please see Annexure 2A for Index Option - Regular plan and Annexure 2B for Index Option - HNI plan.

The screen-shots of recommendations given on the telegram channel for Index Option - Regular plan are enclosed as Annexure 2C and for Index Option - HNI plan are enclosed as Annexure 2D.

Please refer to the highlighted section in the Annexure 2C and 2D; it is clearly indicating the number of subscribers.

So, there is no personalized or one-to-one advice given. The recommendations are given to all subscribers of the respective package.

2. Research Documentation (research reports):

I maintained detailed records of our research recommendations, which are time stamped and include disclosures with rationale. These records outline the recommendations provided in the group along with the corresponding advice PDF links, which contain comprehensive research reports, disclosures and disclaimers. Our records are meticulously signed and dated the same day.

The document given to the clients as links to disclosure and terms of use were already submitted by me as Annexure A2, A3 and A4 along with the show cause notice.

3. Mobile Application Development:

As of August 2024, we launched the mobile application, enhancing our service delivery. Clients can access their research in the "My Research" section based on their selected packages. Furthermore, the research in app includes a "Why this?" section, providing clients with a detailed rationale behind each recommendation. Similar to our group recommendations, all research in the app is also signed and dated on the day it is issued.

12. As regards Noticee No. 2, on the scheduled date of hearing i.e. on September 19, 2024, the AR of Noticee No. 2 appeared through webex and reiterated the submissions made vide letter dated August 20, 2024 in the matter.

C. CONSIDERATION OF ISSUES AND FINDINGS

13. Before dealing with the alleged violation in the 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 reproduced as under:

SEBI Act –

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) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

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

14. I have carefully considered the allegation levelled against the Noticees in the SCN, the submissions made by the Noticee No.1 vide its replies dated June 3, 2024 and September 27, 2024 and Noticee No.2 vide its reply dated August 20, 2024 and the other relevant documents as available on record. I find that the following issues emerge for consideration in the present matter:

Issue No. I - Whether the Noticees acted as an unregistered Investment Advisors in contravention of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations?

Issue No. II - Whether the acts of the Noticees are in violation of Section 12 A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(k) of the PFUTP Regulations?

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

15. The abovementioned issues are examined in the paragraphs below.

Issue No. I - Whether the Noticees 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?

16. SCN has alleged that the Noticees were engaged in providing/offering investment advisory services through the website www.researchadvisor.in. Moreover, the website also depicts that the clients were provided risk profiling and suitability assessment, which are functions carried out by an investment advisor. SCN has further alleged that the packages of its services in equity & options segment as depicted on the website appears to be 'investor specific services' rather than 'security specific services'.

17. In respect of the above, I find from the submission dated June 3, 2024 of Noticee No.1 that an application as research analyst in the individual person's name Mr. Somnath Patil (proprietor of Noticee no. 1) was first approved by SEBI on August 9, 2021. I also note that during the time the website www.researchadvisor.in was in operational i.e. from October 2021 to October 2022. Thereafter, Mr. Somnath Patil made an application for addition of his proprietorship viz. M/s Optionsmaster Research Advisory Services which was approved by SEBI and currently research services are being provided through the website https://optionsmaster.in.

18. I also note that during the examination period, as the aforesaid old website of the Noticee No.1 www.researchadvisor.in was found to be inactive, the archive of the website as available on www.archive.org was assessed. Upon perusal of the website pages, it was noted that Noticee No.1 describes itself to be a 'research advisor' and a 'leading financial advisory firm'. Further, under the services for equity in the website, it is stated that "*the investment ideas identified by the research team are presented and communicated to our clients".* The service features for clients for services in equity, future, stock index etc., *inter alia* mentions that the 'research advisor' provides 2-3 calls in the segment per week and follow-up messages of the calls. It is observed that the website offered various packages of services in equity and options segment with price ranging from Rs.12,500/- to Rs.2,75,000/- per month. As per the pricing plans, the following services were depicted under various packages, sample of which is reproduced as under, for reference:

Equity

Equity Intraday Basic

Rs. 12,500/- monthly

- *Get 1 Intraday tips on daily basis*
- *Will provide you approx. 18-20 calls in a month*
- *Get Tips with Proper Stop Loss & Target*
- *Accuracy up to 70-75%*
- *Trading calls given via web login/app*
-

Research Advisor Special

Rs.2,75,000/- monthly

- *Most profitable services*
- *Get best recommendation across all package from Research Advisor*
- *Get platinum tips by Chief Analyst*
- *High accuracy tips and positional tips*
- *Get necessary updates delivered in seconds thru research advisor mobile app*
- *Get daily tips upto with 80-85% accuracy*
-

19. Further, it is noted that the website also displayed a page on 'Suitability Assessment' wherein the following was stated - "*This Investor Suitability Assessment guides you in choosing the services that suit your investment objectives, risk tolerance, financial profile and investment experience. The information that is provided forms the basis of our recommendation. It is important to provide accurate and complete information to ensure that suitable services are recommended according to investment needs and objectives.*" As per the 'Suitability Assessment', the clients were categorized into the following categories namely, low risk investor, moderate risk investor and high risk investor. Under the "Refund Policy" the webpage *inter alia* advised as under - "*Before deciding to subscribe to our services, please follow KYC, risk profiling, suitability assessment and service agreement and read all terms and conditions, all disclosures and disclaimer that we provide.*"

20. With regard to the above, more particularly in respect to suitability assessment, I note that Noticee No.1 has contended that the webpage on suitability assessment is generic in nature mentioned merely for educational purpose as well as for knowledge of investors opting for its services. Here, I note that the webpage on the 'Suitability Assessment' in the website, categorized the clients into low risk investor, moderate risk investor and high risk investor, which indicates that Noticee No. 1 was doing risk profiling of his clients in line with Regulation 16 and 17 of the IA Regulation which mandates 'risk profiling' and 'suitability' of clients and are services specifically rendered by Investment Advisors. Therefore, I find that there is no merit in the submission of Noticee No. 1. Further, upon perusal of the website, I find that under the pricing plan for equity, future and stock index, the following kinds of services were offered, namely, one intraday tips on daily basis, 18-20 calls in a month,10 jackpot call in a month, 1 tip per day, etc. The 'service features' provided on the website further states that follow-up messages of the calls are provided to the clients. From the services as depicted in the website, I note that the same are 'investor specific' in nature and Noticee No.1 being a registered research analyst cannot render personalized investment advice to clients without procuring an investment advisor license under the IA Regulations. Hence, in light of the above said facts, I find that Noticee No.1 by selling investor specific packages after 'suitability assessment' and categorization of clients in various risk categories is

against the defined responsibility of a Research Analyst as mentioned in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (hereinafter referred to as "**RA Regulations**").

21. Further, I find that Noticee No.1, has vide submission dated June 3, 2024, stated that although the old website has mentioned that the 'research advisor is a leading financial advisory firm in India', however, it does not specifically state that the Noticee No.1 was providing 'investment advisory' services. Noticee No.1 has further submitted that the words 'financial' and 'advisory' were inadvertently mentioned, since they are commonly used terms in layman's language, without any intention of denoting it as 'investment advisory'.

22. Here, I find it relevant to make a reference to Regulation 13 of the RA Regulations which deals with 'conditions of certificate' for registration of Research Analysts granted under the RA Regulations. As per Regulation 13(iii) of the RA Regulations, one such condition for which the certificate of registration is granted is that the Research Analysts use the term 'Research Analyst' in all correspondences with its clients. This may be so due to the varied kinds of intermediaries active in the market, full disclosure and transparency to the investors in all respects becomes critical. Hence, RA Regulation mandates that in all modes of communication, written or oral, the respective intermediary do not mislabel their services and are cautious in apprising their clients about the license they are holding and the sort of services / products they are permitted to provide under the applicable regulations. In the extant matter, Noticee No.1 by referring to itself as a 'financial advisor firm' and by offering investor specific services and risk profiling and suitability has mislabeled its service in respect to the registration it was essentially holding. I note that the misunderstanding is apparent as the complainant in the extant matter has referred to Noticee No. 1 as a 'research advisor' and not as a 'research analyst' in the complaint.

23. Further, I find that on November 13, 2021 an MoU was executed between Party no. 1 i.e. Mr. Somnath Patil - proprietor of Noticee No.1 and Party no. 2 i.e.

Mr. Surajkumar Lalaji Dubey - proprietor of Noticee No. 2. The various terms in the MoU is reproduced as under–

…..

3. *That party no. 2 is desirous of starting a business by the said name of Optionmaster Research Advisor at Turbhe, Navi Mumbai. And for the same wants to opt for the researches of party no. 1 which will be provided by party no. 2 to its various prospective clients, customers, etc.*
4. *That party no. 2 and party no. 1 have mutually agreed that party no. 1 will provide its research and tips to party no. 2 which will be further provided by party no. 2 to its various prospective clients, customers etc.*
5. *Duties of party no. 2 –*

a) *Party no. 2 shall receive all the payments from its clients in the account of ICICI Bank Branch Mahatma Nagar, Nashik having current account no. 108805002252 having ifsc code ICIC0001088 only and shall not receive any payment of whatsoever nature in any other account nor in cash.*

b) *Party no. 2 shall provide all the research services in as it is basis and levels as provided by the party no. 1 without any modification from its end.*

……

g) *That party no. 2 shall do all the sales in the name of the firm i.e. Options Master Research Advisory Services.*

h) *That after deduction of all the amounts as mentioned above, the net profit will be derived and out of the same 50 percent will be paid to the party no. 1 and balance 50 percent shall be retained by party no. 2.*

…….

24. From the plain reading of the MoU, it is clear that the same was entered into because Noticee No. 2 was desirous of starting a business in the name of Optionsmaster Research Advisory Services. As per the MoU, Noticee No.1 shall provide all the research services to Noticee No. 2, which would further be provided to prospective clients and customers. The net profit from the said arrangement would be shared on 50-50 basis.

25. As regards the MoU, I find that Noticee No.1 has in its submission dated June 3, 2024 stated that Noticee No. 2 simply promoted its research services. However, contrary to the submission of Noticee No. 1, Noticee No. 2 has vide letter dated August 20, 2024 submitted that the MoU was entered into to provide human resources activities and manage Noticee No. 1's human resource requirement.

26. I find it pertinent to note that Noticee No.2 is not registered with SEBI in any capacity either as a research analyst or an investment advisor. There is also nothing on record to support that MoU was entered for human resource related activities. The Noticees have also failed to submit any receipts/bills/documents to prove the same. The submissions of the Noticees before me that the MoU was entered for HR related activities or for promotion of research activities appear to be contradictory to the terms of the MoU. Instead, I find the clause of distribution of profit of 50-50 basis between the Noticees to be analogous to that of a business partnership. I thus do not find any merit in the contention of the Noticees.

27. I note that the MoU was entered during the time the website of Noticee No. 1 was in function and Noticee No.1 had vide submissions dated September 14 & 20, 2023 revealed that a total number of 1692 clients were on boarded during the operation of the website. I further find from the materials before me that a total amount of Rs. 2,45,35,127/- (Rupees Two crore forty-five lacs thirty-five thousand one hundred and twenty-seven i.e. approx. Rs.2.45 crores) was transferred by Noticee No.1 to Noticee No.2 as share of profit in accordance with the MoU. In view of the above, I find that the Noticees carried out unregistered investment advisory services through the website www.researchadvisor.in and collected fees from investors/clients. Further, Noticee No.1 collaborated with Noticee No. 2 by entering into a MoU and collectively provided/offered investment advisory services without getting relevant registration from SEBI.

28. 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. In the extant matter, the activities engaged in by the Noticees, as brought out from the various materials described above show that the Noticees were acting as Investment Advisers while not being registered with SEBI in the capacity of an Investment Adviser. Hence, the activities of the Noticees are in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations

29. I note that Noticee No.2 has sought an opportunity to cross-examine the complainant, the investigating officer and the officer who has taken screenshots of the website. In this regard, reliance is placed on the observation of the Apex Court, in the matter of *Transmission Corporation of A. P. Ltd. and others vs. Shri Rama Krishnan Rice Mill (2006) 3 SCC* wherein it is stated that: "...........*In order to establish that the cross-examination is necessary, the consumer has to make out a case for the same. Merely stating that the statement of an officer is being utilized for the purpose of adjudication would*

not be sufficient in all cases". Further, in common parlance, cross - examination is granted when the statement of a witness is recorded during investigation or a person has been called as a witness. In the instant case, I note that examination was conducted based on a complaint received against Noticee No.1, no statement of the complainant has been recorded and relied upon nor has the complainant been called as witness during the examination. Therefore, the request of Noticee No. 2 for cross examination cannot be accepted.

Issue No. II - ***Whether the acts of the Noticees are in violation of Section 12 A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(k) of the PFUTP Regulations?***

30. Regulation 3 of PFUTP Regulations prohibits certain dealings in securities wherein manipulative or deceptive methods are used or any entity that 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.

31. I find that in the website www.researchadvisor.in under the pricing plans for 'equity intraday basic', an accuracy of up to 70-75% was being guaranteed and for 'equity platinum package' an accuracy of up to 70-80% was being guaranteed. Further, under the 'stock option premium package', the website not only guaranteed an accuracy of up to 75-80% but also assured '*best possible profit approx. 7000 to 9000 per lot*'. Similarly, under the 'stock future premium package', 'index option regular package' and 'index option diamond package', an accuracy of 75%, 65-70% and 70-80% were guaranteed along with assured profit target of Rs.2000-5000, Rs.2000-4000 per trade and 10-15% per trade, respectively.

32. In this context, I draw reference to the Order of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of *24 Carat Financial Services vs. SEBI* decided on January 18, 2023. The Hon'ble SAT while adjudicating the said issue, held as follows: "...*Further guaranteed returns were promised quoting profit percentage or certain amount either monthly or on a daily basis. The action of promising guaranteed returns is patently against the principles of the securities market and not only manipulative but also fraudulent and violative of Regulations 3 and 4 of the PFUTP Regulations...*"

33. Drawing parallel from the aforesaid Order of Hon'ble SAT, I note that the act of promising assured returns is a misrepresentation of the truth. Neither there exist any grounds for belief of such returns nor can the assured returns be achieved with any certainty. Such false statement cannot be made without reasonable ground for believing it to be true. The scheme employed in the website to induce unsuspecting investors to deal in recommended stocks by claiming that the advice had accuracy and guaranteeing assured returns is fraudulent in nature. The same was done with the sole purpose of influencing the decision of the prospective clients to avail the services of the Noticees.

34. Noticee no.1 has vide submissions dated September 14 & 20, 2023 revealed that a total number of 1692 clients were on boarded during the operation of the website. I find that the MoU was also entered at the time when the impugned website was in operation. I find that Noticee No.1 and Noticee No. 2 fraudulently induced clients into trading by claiming accuracy of advice and guaranteeing assured returns through the website www.researchadvisor.in thereby violating the provisions of Section 12 A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(k) of the PFUTP Regulations.

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

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

36. I note that SCN had called upon the Noticees 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 should not be issued and why appropriate monetary penalty be not imposed upon under Sections 15EB and 15HA of the SEBI Act. The relevant provisions of Sections 15EB and 15HA 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.*

37. 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.*

38. 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. From the findings above, the Noticees have provided investment 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 Noticees have also indulged in fraudulent activities of claiming accuracy of advice and guaranteeing assured returns thereby violating Section 12 A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(k) of the PFUTP Regulations. I therefore find that the Noticee No.1 and 2 are liable for penalty under Section 15EB and 15HA of the SEBI Act.

39. I find that the SCN has considered the figure i.e. Rs.5,22,09,074/- (Five crore twenty-two lacs nine thousand and seventy-four rupees) as the total consideration received for providing unregistered advisory services. Thus, in the light of the findings in the preceding paragraphs, I am of the considered view that the Noticees are jointly and severally liable to refund the aforementioned amount collected by them as an unregistered investment advisor in addition to monetary penalties which are attracted for violations under Sections 15EB and 15HA of the SEBI Act.

D. DIRECTIONS:

40. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B, 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:

40.1. The Noticees shall jointly and severally refund all the money collected/received from any investors / complainant, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities immediately, and in any case, within a period of three months from the date of this order;

40.2. The Noticees 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;

40.3. The repayments to the complainants/ investors shall be effected only through electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;

40.4. The Noticees are prohibited from selling their assets, properties and holding of mutual funds / shares / securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticees;

40.5. After completing the aforesaid repayments, the Noticees 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, duly certified by an independent Chartered Accountant and the direction at paragraph 40.4 above shall cease to operate upon filing of such report;

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

40.7. In case of failure of the Noticees to comply with the aforesaid directions in sub-paragraph 41.1 and 41.5 above, 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 Noticees, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws;

40.8. The Noticees shall not undertake, 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;

40.9. The Noticees are hereby imposed the following monetary penalties:

Noticee No.	Name of the Noticee	Penal Provision	Amount (in Rupees)
1.	Optionsmaster Research Advisory Services (Prop – Somnath Patil)	Section 15EB of SEBI Act	Rs. 1,00,000/- (One Lakh only)
		Section 15 HA of SEBI Act	Rs. 5,00,000/- (Five Lakh only)
2.	Om Consultancy (Prop – Surajkumar Lalaji Dubey)	Section 15EB of SEBI Act	Rs. 1,00,000/- (One Lakh only)
		Section 15 HA of SEBI Act	Rs. 5,00,000/- (Five Lakh only)

40.10. The Noticees 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 Noticees may contact the support at portalhelp@sebi.gov.in.

41. The direction for refund at sub-paragraph 40.1 does not preclude the complainants/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

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

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

Sd/-

Date: November 27, 2024 **G RAMAR**

Place: Mumbai **CHIEF GENERAL MANAGER**

SECURITIES AND EXCHANGE BOARD OF INDIA