

**Before the  
Member and Core Settlement Guarantee Fund Committee  
("MCSGFC"/"Committee")  
of  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051  
held on February 16, 2023**

**In the matter of the Trading Member M/s. Junjharji Investment Private Limited**

**CORAM:**

Ms Mona Bhide	- Chairperson
Mr K Narasimha Murthy	- Committee Member
Ms S Ravindran	- Committee Member
Mr Ranganayakulu Jagarlamudi	- Committee Member
Mr Ashishkumar Chauhan	- Committee Member

**ALSO PRESENT:**

Ms Priya Subbaraman	- Chief Regulatory Officer
Dr Dinesh Kumar Soni	- Senior Vice President- Regulatory
Mr Shailesh Adukia	- Vice President- Enforcement

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**Background**

1. M/s Junjharji Investment Private Limited ('Junjharji') is a registered trading member with the Exchange in the Capital Market ('CM') segment and Future and Options ('F&O') segment
2. Based on incorrect reporting of margin collected from clients, non-cooperation in providing the data during inspection, misuse of clients' funds, non-reconciliation of securities in beneficiary account with the back-office records, non-settlement of clients' funds and securities, non-issuance of the statements of accounts and retention statements at the time of settlement of clients' accounts, incorrect data uploaded in weekly monitoring of client funds and incorrect submission towards monthly monitoring of clients' funds and securities under the enhanced supervision of the stockbrokers observed during the limited purpose inspection (offsite), the Exchange imposed a monetary penalty of Rs.44,79,300/- on Junjharji and suspended the Trading Membership of Junjharji in both CM and F&O segment for a period of two consecutive days after giving three weeks' notice, in terms of Exchange Circular No. NSE/INSP/36248 dated November 6, 2017, Exchange Circular No. NSE/INSP/42919 dated December 16, 2019, and NSE/INSP/47457 dated February 25, 2021. The said decision was communicated to Junjharji vide order dated August 24, 2022.
3. The present review application is filed by Junjharji against the aforementioned order dated August 24, 2022.

**Submission of Junjharji in review request**

4. Junjharji vide letter/email dated September 09, 2022, requested to reconsider the penalty of Rs. 44,79,300/- and suspension of Trading Membership for a period of two consecutive days. Junjharji sought review for the violation only with respect to incorrect reporting of margin collected from clients, non-cooperation in providing the data during inspection and, misuse of clients' funds and submitted as under-
- i. For incorrect reporting of margin- 95% of the instances belonged to their Director (Aditya Karwa), further they had been following practice of considering margin available with related entities. The said practice was discontinued from April 01, 2020, in line with Exchange circular 43493 dated February 11, 2020. The Committee has not considered stock valuation while considering margin shortfall, EPI transactions were not considered, and credit balance considered as debit balance. The Committee has acted in arbitrary manner, against the principal of natural justice has not provided minutes of personal hearing and mentioned incorrect date of hearing in their order.
  - ii. For non-cooperation in providing data during inspection - Due to COVID-19 pandemic 2<sup>nd</sup> wave throughout the nation, it was very difficult in coordination.
  - iii. For Misuse of client funds and securities- Transactions reported belong to relatives and family of Mr. Aditya Karwa (Director). Also, there is no single client complaint against them.
5. Junjharji also submitted various documents vide email dated September 16, 2022, and September 20, 2022, in support of its aforementioned submission.

**Observations of the Committee**

6. The Committee observed that there is no provision for filing review based on the appeal filed by the Trading Member concerned was deleted from NSEIL Rules. The said amendment has been notified to the market vide Exchange Circular no. NSE/LEGAL/42768 dated November 28, 2019. The extract of the said circular provides as under:

*"NSEIL Rules*

*(i) The words "or on appeal by the trading member concerned" in Rule 17 under Chapter IV of NSEIL Rules are deleted and the Rule is amended as:*

*Quote*

*17. Reconsideration/Review*

*Subject to the provisions of the Securities Contracts (Regulation) Rules, 1957 the relevant authority may of its own motion within 90 days from the date of communication of decision of the relevant authority to the member reconsider and may rescind, revoke or modify its resolution withdrawing all or any of the membership rights or fining, censuring or warning any trading member. In a like manner the relevant authority may rescind, revoke or modify its resolution expelling or suspending any trading member.*

*Unquote”*

7. It was observed that there is no omission/error on record of any fact or contentions that the Committee can suo motto consider and review.

**Decision of the Committee**

8. Given the above observations, the Committee decided to uphold its earlier decision and dispose off the review application filed by Junjharji.

Sd/-  
Mona Bhide  
(Chairperson)

Sd/-  
K Narasimha Murthy  
(Committee Member)

Sd/-  
S Ravindran  
(Committee Member)

Sd/-  
Ranganayakulu Jagarlamudi  
(Committee Member)

Sd/-  
Ashishkumar Chauhan  
(Committee Member)

Date: May 15, 2023