

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 12(3) of the Securities and Exchange Board of India Act, 1992
read with Regulation 27 of Securities and Exchange Board of India
(Intermediaries) Regulations, 2008

In respect of:

Name of the Noticee	Registration No.	PAN
F6 Commodities Private Limited	INZ000037335	AACCF1155G

In the matter of F6 Finserve Private Limited

Background:

1. F6 Commodities Private Limited (hereinafter referred to as “**Noticee**”) is registered with Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), in terms of Section 12(1) of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as “**Stock Broker Regulations, 1992**”) as a Stock Broker in Commodity Derivative segment of Multi Commodity Exchange of India Limited (hereinafter referred to as “**MCX**”), National Commodity and Derivatives Exchange Limited (hereinafter referred to as “**NCDEX**”) and National Multi Commodity Exchange of India Limited (now known as Indian Commodity Exchange Limited) (hereinafter referred to as “**NMCE/ ICEX**”) with the Registration no. INZ000037335.
2. SEBI conducted an inspection of F6 Finserve Private Limited, pursuant to which SEBI passed an *Ex-parte Ad-interim* Order dated May 29, 2018 and Confirmatory Order dated December 14, 2018 against F6 Finserve Private Limited. During the

said inspection, it was observed that the Noticee, which is one of the associates of F6 Finserve Private Limited, was liable for action under Regulation 27 (i) and (ii) of Stock Broker Regulations, 1992. The period covered in the inspection was from April 01, 2015 till July 31, 2017 (hereinafter referred to as '**Inspection period**').

3. Pursuant to the Inspection, SEBI initiated Enquiry proceedings against the Noticee under the provisions of SEBI Act and SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as "**Intermediaries Regulations, 2008**") and appointed a Designated Authority ("**DA**") vide an Order dated November 17, 2021 to enquire into the alleged violations by the Noticee and make a recommendation in compliance with Intermediaries Regulations, 2008.

Enquiry by the Designated Authority:

4. The DA issued a Show Cause Notice dated May 24, 2022 (hereinafter referred to as "**SCN**") to the Noticee alleging that the Noticee ceased to be a member of NCDEX and MCX and called upon the Noticee to show cause why action should not be taken under Regulation 27 of the Intermediaries Regulations, 2008. The Show Cause Notice was served by way of Public notice dated August 31, 2022 in Hindustan Times (Delhi) and Gurgaon Mail. Further, the Noticee was granted an opportunity of personal hearing on September 19, 2022 vide the said notice. However, the Noticee neither replied to the SCN nor appeared for the hearing.
5. Thereafter, upon completion of the enquiry, the DA submitted an Enquiry report dated October 11, 2022 (hereinafter referred to as "**Enquiry Report**") wherein the DA held that the Noticee was liable for action under Regulation 27 (i) and (ii) of Stock Broker Regulations, 1992 and recommended the cancellation of registration certificate as Stock Broker.

Post Enquiry Proceedings:

6. A post-enquiry Show Cause Notice dated December 09, 2022 (hereinafter referred to as "**PE-SCN**") was issued to the Noticee, enclosing a copy of the DA report,

calling upon it to show cause in terms of Regulation 27 of the Intermediaries Regulations, 2008 as to why action as recommended by the DA should not be taken against the Noticee.

7. The PE-SCN was served to the Noticee by way of affixture on December 31, 2022. However, no reply to the PE-SCN was received. Thereafter, the Noticee was granted an opportunity of hearing on February 14, 2023 vide notice dated January 30, 2023 which was also served by way of affixture on February 10, 2023. However, the Noticee failed to appear before me on the date of the hearing.

Consideration of Issues and Findings:

8. I note that till date of this Order, no reply has been received from the Noticee. In view of the same, I proceed to determine the matter on the basis of the material available on record. In this regard, I have considered the SCN, the relevant provision of law and other documents/information available on record.
9. The SCN alleges that the Noticee ceased to be a member of MCX and was declared defaulter by both MCX and NCDEX and not readmitted as a member within six months. thereby violation Regulation 27 (i) and (ii) of Stock Broker Regulations, 1992.
10. Regulation 27 (i) and (ii) of the Stock Broker Regulations, 1992 reads as follows:

“27. A stock broker shall be liable for any action as specified in Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 including suspension or cancellation of his certificate of registration as a stock broker, if he –

(i) ceases to be a member of a stock exchange; or

(ii) has been declared defaulter by a stock exchange and not re-admitted as a member within a period of six months.”

11. The brief facts of the case as contained in the said SCN are as under:

- 11.1. The Noticee was registered with SEBI as a Stock Broker in Commodity Derivative Segment of MCX, NCDEX and NMCE with the Registration no. INZ000037335.
- 11.2. Vide email dated December 27, 2019, MCX informed SEBI that the Noticee was declared as a defaulter by MCX on May 18, 2018 due to the Noticee's failure to honour the IGRC order by paying admissible claim amounting to INR 33,24,934.78. Further, SEBI was informed that the Noticee was expelled for non-cooperation in Inspection on March 13, 2019.
- 11.3. NCDEX vide email dated December 27, 2019 informed SEBI that the Noticee was declared a defaulter on May 24, 2018 in terms of SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2016/102 dated September 27, 2016.
- 11.4. The Noticee ceased to be a member of MCX and was declared a defaulter by both MCX and NCDEX and not readmitted as a member within six months.
12. Further, vide email dated February 10, 2023, ICEX has informed that the Noticee was declared defaulter by the erstwhile NMCE on May 28, 2018 and not readmitted as a member.
13. I note that the Noticee is registered with SEBI as a Stock Broker in Commodity Derivate segment and holds Certificate of Registration under the Stock Broker Regulations, 1992 and was a member of MCX, NCDEX and NMCE. I note that Certificate of Registration is granted by SEBI *inter alia* subject to the condition under Regulation 9 (a) of the Stock Broker Regulations, 1992, which provides that the Stock Broker must be a member of a recognised Stock Exchange. I also note that the Certificate of Registration is granted by SEBI subject to the conditions under Regulation 27 of the Stock Broker Regulations, 1992, which *inter alia* provides that a Stock Broker shall be liable for action if it ceases to be a member of a Stock Exchange or has been declared defaulter by a Stock Exchange and not re-admitted as member within a period of six months.

14. I note that the Stock Exchanges have informed SEBI that the Noticee ceased to be a member of MCX. It was also declared a defaulter by NCDEX and erstwhile NCME. Consequently, the Noticee's membership in NCDEX and erstwhile NMCE was terminated. Thus, the Noticee has violated the condition stipulated in Regulation 9 (a) of Stock Broker Regulations, 1992 read with Regulation 27 (i) and (ii) of Stock Broker Regulations, 1992 which makes it liable for action under Regulation 27 of Intermediaries Regulations, 2008. Therefore, I am inclined to accept the recommendation of the DA to cancel the certificate of registration.

Order:

15. In view of the aforesaid observations and findings, I, in exercise of the powers conferred upon me under Section 12(3) read with Section 19 of the SEBI Act and Regulation 27 of the Intermediaries Regulations, 2008, hereby cancel the certificate of registration of F6 Commodities Private Limited (INZ000037335).

16. Irrespective of the cancellation of registration, the Noticee shall continue to be liable for anything done or omitted to be done as Stock Broker and continue to be responsible for payment of outstanding fees and dues if any, due to SEBI.

17. This Order shall come into force with immediate effect.

18. A copy of this order shall be served upon the Noticee and all recognised Stock Exchanges for information and necessary action.

-Sd-

ANANTH NARAYAN G.

DATE: FEBRUARY 17, 2023

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA