BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/JS/DP/2025-26/31810-31814]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICERS), RULES, 1995

In respect of:

Sr. No.	Name of the Noticee	PAN
1	Launchpad Fintech Private Limited	AAECL1656J
2	Ms. Nidhi Aggarwal	AJRPM6218J
3.	Mr. Puneet Aggarwal	AHCPA1791K
4.	Mr. Ankit Gajanand Gupta	AIEPG2071R
5.	Mr. Bobby Singh	AMFPS7527K

in the matter of inspection of Launchpad Fintech Pvt. Ltd., Online Bond Platform Provider (OBPP)

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI"**), carried out inspection of Launchpad Fintech Pvt. Ltd. (hereinafter referred to as "**Noticee No. 1**"), on July 22-23, 2024 and the period of inspection was from February 15, 2023 to June 30, 2024 (hereinafter referred to as "**Inspection Period**"). As per the inspection report, Ms. Nidhi Aggarwal, Mr. Puneet Aggarwal, Mr. Ankit Gajanand Gupta and Mr. Bobby Singh were the directors and Key Managerial Persons during the inspection period and were responsible for the day to day affair of Noticee No.1 and they are hereinafter referred to as "**Noticee Nos. 2 to 5**". Further, Noticee Nos. 1 to 5 are collectively referred to as "**Noticees**".

2. Noticee No. 1 is a SEBI registered stock broker (Registration Number INZ000296636) since December 04, 2020. It received approval to act as Online

Bond Platform Provider (OBPP) by BSE Limited (hereinafter referred to as "**BSE**") and National Stock Exchange of India Ltd. (hereinafter referred to as "**NSE**") from February 15, 2023 and May 11, 2023, respectively.

3. SEBI conducted the inspection to examine the extent of compliance to regulatory provisions with respect to SEBI (Stock Broker) Regulations, 1992 (hereinafter referred to as "**Stock Brokers Regulations**") read with regulation 51A of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (hereinafter referred to as "**NCS Regulations**") and circulars issued thereunder by SEBI from time to time. The period of inspection was from February 15, 2023 to June 30, 2024 (hereinafter referred to as "**Inspection Period**").

4. The findings/observations made during the course of inspection were communicated to Noticee No. 1 vide SEBI letter dated September 13, 2024. Noticee No. 1 submitted its comments / explanations on the aforesaid findings / observations of the inspection vide its emails dated October 07, 2024 and October 21, 2024.

5. Subsequently, SEBI did not find the comments/explanations offered by Noticee No.1 satisfactory and therefore, initiated adjudication proceedings against the Noticees for violating the following provisions:
   5.1. Clause 3.4.1 of Annexure -XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023);
   5.2. Clause 3.4.1 of Annexure -XXI-A read with clause 5.2.1 of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024;
   5.3. Clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular;
   5.4. Clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024;.
   5.5. Regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

6. SEBI had appointed an Adjudicating Officer (AO) in the matter vide communique dated December 24, 2024. Pursuant to reallocation of case, vide communique dated April 21, 2025, SEBI appointed the undersigned as AO under section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") read with section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Rules**") to inquire into and adjudge the aforesaid violations under section 15 HB of SEBI Act, alleged to have been committed by Noticee No.1 and section 15HB read with section 27 of the SEBI Act for the violations alleged to have been committed by the Noticee Nos. 2 to 5.

SHOW CAUSE NOTICE, REPLY AND HEARING

7. A show cause notice dated January 16, 2025 (hereinafter referred to as "**SCN**") was issued to the Noticees to show cause as to why an inquiry should not be initiated against them and penalty, if any, should not be imposed upon Noticee No. 1 under section 15HB of SEBI Act and upon Noticee Nos. 2 to 5 under section 15HB read with section 27 of the SEBI Act, for the alleged violation of the provisions mentioned at para 5 above. The SCN, *inter alia,* alleged the following:

    7.1. As per the inspection report, all the orders with respect to products listed in clause 5.2.1 of SEBI NCS Master Circular, i.e., listed debt securities, listed municipal debt securities and listed securitized debt instruments, placed on the Online Bond Platform (hereinafter referred to as "**OBP**") of Noticee No. 1 were not routed through the Request for Quote (hereinafter referred to as "**RFQ**") platform of the recognised stock exchange(s) and settled through the respective clearing corporations. The following are the details of transaction and order routing details of products specified under Clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular during the period of inspection:

Year	Orders received	Routed via RFQ	Settled via Clearing Corp.
2023	3536	158 (4%)	752 (21%)
2024 till June 30, 2024	1264	647 (51%)	745 (59%)
Total	**4800**	**805 (17%)**	**1497 (31%)**
In terms of Trade Value (Cr)			
2023	43.65	2.61 (6%)	28.54 (65%)
2024 till June 30, 2024	18.01	9.86 (54%)	15.3 (85%)
Total	**61.66**	**12.47 (20%)**	**43.84 (71%)**

7.2. Though Noticee No. 1 had submitted there has been technical difficulties/ issues in RFQ due to which some of the transactions could not be routed, it is understood the majority of such issues were faced during the initial phases only. The same was observed in majority of the OBPPs inspected in FY2024-25. From last quarter of 2023 onwards, the OBPPs were seen to be compliant with the requirement of routing of orders through RFQ and settling the same via clearing corporation. However, in the case of Noticee No. 1, it was observed that it continued to route orders via non-RFQ mode and settled orders outside clearing corporation. The last such transaction of the said nature was on June 25, 2024, during the inspection period.

7.3. Therefore, it was alleged that Noticee No. 1 had failed to ensure that all orders placed on the OBP with respect to listed debt securities, listed municipal debt securities and listed securitized debt instruments were routed through the RFQ platform of a recognized stock exchange and settled orders outside clearing corporation and hence, it was alleged that Noticee No. 1 had violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023) and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.

7.4. During the period of inspection, it was observed that Noticee No. 1 had published 26 advertisements. Noticee No. 1 submitted to inspection team that for some of the advertisements, it had not obtained prior approval. Further, many applications were made to BSE and NSE for approval, but they rejected the advertisement providing the reason that same was under discussion with SEBI.

7.5. On perusal of some of the advertisements, it was observed that Noticee No. 1 did not include the standard disclaimer in legible font stating “Investments in debt securities are subject to risks. Read all the offer related documents carefully" in its advertisement.

7.6. Further, Noticee No. 1 published advertisements which were related to specific securities and thus, promoted certain securities and those advertisements also contained expected return/ yields which appeared to be computed based on projections/ assumptions understating the risks involved.

7.7. From the above, it was observed that:

7.7.1. Noticee No. 1 published advertisements which were not approved by stock exchanges;

7.7.2. Noticee No. 1 published advertisements despite being rejected by stock exchanges;

7.7.3. Noticee No. 1 published advertisement which were not in line with code of advertisement specified for OBPP.

7.8. Therefore, it was alleged that Noticee No. 1 violated clause 5 of Annexure - XXIA read with Annexure - XXIC of SEBI NCS Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure - XXIA read with Annexure - XXIC of SEBI NCS Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations.

7.9. It was observed that Noticee Nos. 2 to 5 were the directors of Noticee No. 1 at the time of the alleged contraventions. Therefore, as per the provision of section 27 of the SEBI Act, the contravention by Noticee No. 1 were deemed to be committed by Noticee Nos. 2 to 5. Therefore, it was alleged that Noticee

Nos. 2 to 5 had violated the provisions of securities laws as mentioned in the preceding paragraphs.

8. Pursuant to receipt of SCN, Noticees vide letter dated January 29, 2025 sought inspection of documents which was granted. The Authorised Representatives of the Noticees viz., Dr. Keyur Shah, Advocate and Mr. Meit Shah, conducted inspection of the documents on February 03, 2025.

9. Pending adjudication, Noticees filed application to under SEBI (Settlement Proceedings) Regulations, 2018 to settle the proceedings initiated vide SCN dated January 16, 2025. The said application was withdrawn by the Noticees vide letter dated April 22, 2025.

10. Since, no reply was received from the Noticees, vide email dated July 11, 2025, Noticees were advised to file their reply on or before July 18, 2025. Vide letter dated July 14, 2025, Noticees sought additional three weeks' time to file reply to the SCN which was granted.

11. Noticees filed reply to the SCN vide letter dated August 01, 2025. Relevant extracts of the reply of the Noticees are as follows:

11.1. After the SEBI circular dated 14.11.2022 w.r.t. Registration and regulatory framework for Online Bond Platform Providers relating to the mandatory routing of trades through the RFQ route, the Company had taken prompt efforts to transition to RFQ platform, including informing clients about the requirement to route their trades through the RFQ platform. However, the Company met with operational and infrastructural challenges in effectively and completely implementing the transition to the RFQ platform as the clients as well the brokers were used to settling their trades via OTC mode.

11.2. The regulatory and operational framework for OBPPs were/ are at a relatively nascent phase and till today they are constantly developing. Company also faced some or the other operational and systematic delays in the implementation of the trade settlement.

11.3. The settlement flow for trades executed by way of the OTC platform and RFQ platform are substantially similar, with both being settled through the exchange and the principal tenets behind introduction of the OBPP regulations and RFQ mechanism was to promote increased investor transparency. To this end, it exercised caution in its settlement process and had strived to ensure that the investors were always informed of the status of their trades and it promoted transparency, albeit via a different mechanism.

11.4. The Company has now achieved a near-complete transition to the RFQ platform, and it has gradually created an internal system for the same. The alleged lapses, if any, were isolated and arose solely due to infrastructural and functional constraints. All such issues were addressed upon being brought to the Company's attention.

11.5. Company has not received any complaints from clients about OBPP transactions routed through RFQ or non RFQ.

11.6. Further, it had sought approval for certain advertisements uploaded by it. It is not the case that Noticee No. 1 had not sought approval. However, the advertisements which were sent for approval were rejected stating the reason that certain usage of words were under discussion, for example yield, returns. Therefore, it denied that there was continuous violation from its end.

11.7. Keeping in view the difficulties faced by OBPP's and repeated requests made by them, wherein more clarity was sought on the advertisement code, which was earlier rejected, a separate NSE Circular dated 08.11.2024 bearing reference no. NSE/COMP/64980 and BSE Circular dated 08.11.2024 bearing reference no. 20241108-47 was issued. It is pertinent to note that almost all its advertisements, apart from IPO ones which were earlier rejected by Stock Exchanges, are in line with the updated code of conduct. Further, it is only after the new advertisement code that it got clarity and presently it strictly adheres to the said advertisement code. Additionally, its purpose of publishing the advertisement was only to educate, inform and spread awareness among the investors as OBPP platform was very new and was at a very nascent stage.

11.8. Further, stock exchanges have approved final documents of templates, wherein no prior approval is needed. Earlier, no such templates were available.

11.9. Additionally, it highlighted that certain contents in the advertisement which was earlier not allowed have been allowed in the new advertisement code. One of the examples is of Yield parameters in ads which were not allowed earlier however the same is allowed as per new advertisement code. Also, the term 'fixed returns' can be used in advertisements which earlier were earlier prohibited.

11.10. Under the new advertisement code, promoting certain securities and those advertisements containing expected return/yields which appears to be computed based on projections/assumptions is allowed.

11.11. Invoking section 27 of the SEBI Act, 1992 to include directors of the Company in the present proceedings is completely perverse and unwarranted particularly in an adjudication, arising solely from the inspection of the Company.

11.12. The SCN has not attributed any finding with respect to the 'role' of directors and is completely silent on the reason for roping the directors in the present proceedings and there is no whisper in the SCN w.r.t. the individual conduct of such directors.

11.13. Further, Mrs. Nidhi Aggarwal is only a non-executive director and did not have any active participation in the Company.

11.14. The vicarious liability cannot be automatically attributed to directors as Company operates as a separate legal entity with perpetual succession, *independent of its directors. Regulatory violations primarily rest with the company unless there is clear evidence of direct involvement, wilful misconduct, or negligence.*

11.15. Noticees relied upon order of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Religare Securities Limited v. SEBI, UPSE Securities Limited v. SEBI and DSE Financial Services Limited v. SEBI wherein it was held that the purpose of inspection is to point out the irregularities and making it compliant.

12. Subsequently, vide notice of hearing dated September 02, 2025, Noticees were granted an opportunity of hearing before the AO on September 10, 2025. The ARs of the Noticees, viz., Mr. Prakash Shah assisted by Dr. Keyur Shah and Mr. Meit Shah appeared for the hearing and reiterated the submissions made vide reply dated August 01, 2025. The ARs submitted that no liability on directors/KMPs can be fastened as there is no allegation of action/omission on their part in the SCN. The ARs further submitted that this was a technical violation, therefore, a lenient view may be taken. The AR had sought ten days time to file post hearing submissions which was granted.

13. Vide letter dated October 14, 2025, Noticees filed additional submissions and reiterated the submissions made vide reply dated August 01, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

14. The issues that arise for consideration in the instant matter are:

Issue No. I Whether Noticee No. 1 failed to route all trades through RFQ platform or failed to obtain an exemption from SEBI from the applicability of specific requirement and continued to route trades through OTC and thereby violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024?

Issue No. II Whether Noticee No. 1 failed to comply with code of advertisement for OBPPs, published advertisements which were not approved by stock exchange or rejected by the stock exchange and thereby, violated clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations?

Issue No. III Whether Noticee Nos. 2 to 5, being directors of Noticee No. 1 have violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 2.1 of SEBI Circular No. SEBI/HO/DDHS/ POD1/P/CIR/2023/194 dated December 28, 2023 and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024 and Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations?

Issue No. IV If yes, whether the failure, on the part of the Noticee No. 1 would attract monetary penalty under section 15HB of the SEBI Act and under section 15HB read with section 27 of SEBI Act on Noticee Nos. 2 to 5?

Issue No. V If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in section 15J of the SEBI Act?

15. Before proceeding further, I would like to refer to the relevant provisions alleged to have been violated by the Noticees:

Stock Brokers Regulations

“Conditions of registration.

9.Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

(a) the stockbroker holds the membership of any stock exchange;

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

(c) where the stock broker proposes change in control, he shall obtain prior approval of the Board for continuing to act as such after the change;

(d) he shall pay fees charged by the Board in the manner provided in these regulations;

(e) he shall take adequate steps for redressal of grievances, of the investors within twenty-one calendar days of the date of receipt of the complaint and inform the Board as and when required by the Board;

(f)he shall at all times abide by the Code of Conduct as specified in Schedule II; and

(g) he shall at all times maintain the minimum networth as specified in Schedule VI.”

(h) Every stock broker who act as an underwriter shall enter into a valid agreement with the body corporate on whose behalf it is acting as underwriter and shall abide by the regulations made under the Act in respect of the activities carried on by it as underwriter.

(i) Every Stock Broker shall be entitled to act as an underwriter only out of its own net worth/funds as may be prescribed from time to time.

Schedule II

CODE OF CONDUCT FOR STOCK BROKERS

“C. Stock-Brokers vis-a-vis Other Stock-Brokers

…

(4) *Advertisement and Publicity: A stock-broker shall not advertise his business publicly unless permitted by the stock exchange.”*

SEBI Master Circular dated August 10, 2021

“Annexure XXIA

*3.4.**Execution of orders:** The entity shall ensure that:*

3.4.1. All Orders placed on an Online Bond Platform with respect to securities, as specified in clause 5.2.1 of this circular shall be mandatorily routed through the RFQ platform of a recognised Stock Exchange and settled through the respective Clearing Corporation.

5. Advertisements: The entity undertakes to ensure that its advertisements shall be in conformity with the Advertisement Code as specified in Annex - XXIC.”

Chapter XXI

“5. Pursuant to discussions with market participants and stakeholders, vide notification dated November 09, 2022, a framework has been prescribed for entities operating/ desirous of operating as OBPPs under regulation 51A of the SEBI NCS Regulations,2021:

…

5.2. An entity acting as an Online Bond Platform Provider on or prior to November 14, 2022, shall divest itself of offerings of products or services or securities on its Online Bond Platform or any other website/ platform other than the following:

5.2.1. Listed debt securities, listed municipal debt securities and listed securitized debt instruments;"

Annexure – XXIC

"Advertisement Code for OBPPs:

1. Advertisements shall be accurate, true, fair, clear, complete, unambiguous and concise.
2. Advertisements shall not contain statements which are false, misleading, biased or deceptive, or any statements based on assumption or projections and shall not contain any testimonials or any ranking, based on any criteria.
3. Advertisements shall not be so designed as likely to be misunderstood or likely to disguise the significance of any statement.
4. Advertisements shall not contain statements which directly or indirectly may induce/ mislead the investor.
5. Advertisements shall not carry any slogan that is exaggerated or unwarranted or inconsistent with or unrelated to the nature and risk and return profile of the product being advertised.
6. No celebrities shall form part of the advertisement.
7. Advertisements shall not be so framed as to exploit the lack of experience or knowledge of the investors.
8. The language used in the advertisements shall be simple and shall not use technical or legal terminology or complex language or excessive details, which may confuse the investors.
9. No advertisement shall directly or indirectly discredit other advertisements or make unfair comparisons.
10.All advertisements shall be accompanied by a standard warning in legible font stating "Investments in debt securities are subject to risks. Read all the offer related documents carefully". No addition or deletion of words shall be made to the standard warning.
11.Any advertisements in regional language(s) shall contain the standard warning in such regional language.
12. In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner."

SEBI Circular dated May 22, 2024

Annexure XXIA

*"3.4.**Execution of orders:** The entity shall ensure that:*
3.4.1. All Orders placed on an Online Bond Platform with respect to securities, as specified in clause 5.2.1 of this circular shall be mandatorily routed through the RFQ

platform of a recognised Stock Exchange and settled through the respective Clearing Corporation.
5. Advertisements: The entity undertakes to ensure that its advertisements shall be in conformity with the Advertisement Code as specified in Annex - XXIC."

Chapter XXI

"5. Pursuant to discussions with market participants and stakeholders, vide notification dated November 09, 2022, a framework has been prescribed for entities operating/ desirous of operating as OBPPs under regulation 51A of the SEBI NCS Regulations,2021:
…
5.2. An entity acting as an Online Bond Platform Provider on or prior to November 14, 2022, shall divest itself of offerings of products or services or securities on its Online Bond Platform or any other website/ platform other than the following:
5.2.1. Listed debt securities, listed municipal debt securities and listed securitized debt instruments;"

Annexure – XXIC

"Advertisement Code for OBPPs:

1. Advertisements shall be accurate, true, fair, clear, complete, unambiguous and concise.
2. Advertisements shall not contain statements which are false, misleading, biased or deceptive, or any statements based on assumption or projections and shall not contain any testimonials or any ranking, based on any criteria.
3. Advertisements shall not be so designed as likely to be misunderstood or likely to disguise the significance of any statement.
4. Advertisements shall not contain statements which directly or indirectly may induce/ mislead the investor.
5. Advertisements shall not carry any slogan that is exaggerated or unwarranted or inconsistent with or unrelated to the nature and risk and return profile of the product being advertised.
6. No celebrities shall form part of the advertisement.
7. Advertisements shall not be so framed as to exploit the lack of experience or knowledge of the investors.
8. The language used in the advertisements shall be simple and shall not use technical or legal terminology or complex language or excessive details, which may confuse the investors.
9. No advertisement shall directly or indirectly discredit other advertisements or make unfair comparisons.
10.All advertisements shall be accompanied by a standard warning in legible font stating "Investments in debt securities are subject to risks. Read all the offer related documents carefully". No addition or deletion of words shall be made to the standard warning.
11.Any advertisements in regional language(s) shall contain the standard warning in such regional language.

12. In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner.”

Issue No. I: Whether Noticee No. 1 failed to route all trades through RFQ platform or failed to obtain an exemption from SEBI from the applicability of specific requirement and continued to route trades through OTC and thereby violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024?

16. It was alleged in the SCN that Noticee No. 1 did not route all the orders with respect to products listed in clause 5.2.1 of SEBI NCS Master Circular, i.e., listed debt securities, listed municipal debt securities and listed securitized debt instruments, placed on the OBP of Noticee No. 1 through the RFQ platform of the recognised stock exchange(s) and settled through the respective clearing corporations.

17. I note that in terms of clause 3.4.1 of Annexure -XXI-A of the SEBI Master Circular No. SEBI/HO/DDHS/ PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), all orders placed on OBP with respect to securities, as specified in clause 5.2.1 of the Circular were mandatorily required to be routed through the RFQ platform of a recognised stock exchange and settled through the respective clearing corporation. The said provisions were reiterated by SEBI vide clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/ 2024/54 dated May 22, 2024.

18. I note from the submissions of Noticee No. 1 that it did not execute all its trades for listed debt securities through the RFQ platform of the stock exchange, instead used the OTC route.

19. Noticee No. 1 submitted that it could not route all its orders through RFQ platform due to technical/infrastructural challenges as mentioned under:

19.1. Some of the counter parties registered with the stock exchange(s) dealing with/via Noticee No. 1 were unable to put deals through RFQ platform due to non-availability of access and RFQ API unavailability.

19.2. In case of back-to back deals wherein on one hand OBPP is purchaser of bonds and subsequently OBPP is selling the bonds and wherein the bonds are purchased with the intention of selling it to identified buyer. In such instances, in case of default from the side of initial seller, OBPP will not be able to fulfil their commitment to transfer bonds, because of the same, defaulting counter party will not be able to access RFQ portal for a period of 15 days.

19.3. Lack of guidelines for consideration of circumstances for non settlement of deals by clients due to technical issues and hurdles faced by OBPP. One of the instances in the past pertained to technical difficulties faced in transferring funds by payment gateway.

19.4. One of the technical issues was from the side of stock exchange for transferring a particular ISIN due to instances pertaining to corporate actions.

20. It is noted from the SCN that Noticee No. 1 routed 1,497 i.e. 31 % of its trades through OTC route whereas routed only 17 % of its trades, i,e., 805 trades through RFQ platform. It is further noted that 71% of its trade value was generated through OTC route during the Inspection period.

21. Noticee No. 1 had submitted that after SEBI Circular dated November 14, 2022 on registration and regulatory framework for OBPPs related to the mandatory routing of trades through the RFQ platform, including informing clients about the requirement to route their trades through the RFQ platform, Noticee No. 1 had taken prompt efforts to transition to RFQ platform. Noticee No. 1 further submitted that it had written to stock exchanges apprising them of the issues faced by it in routing the orders through RFQ Platform. To corroborate the same, Noticee No. 1 has produced the copies of the emails written to the stock exchanges. Vide email dated December 15, 2023, Noticee No. 1 had written to BSE highlighting the operational hurdles faced by it on RFQ platform such as non-receipt of funds from clients despite transfer of funds by OBPPs, lack of guidelines for consideration for circumstances for non-settlement of deal by clients due to technical issues/hurdles

by OBPPs, etc. Vide email dated January 19, 2024, Noticee No. 1 reiterated the same concerns to BSE. Further, Noticee No. 1 vide emails dated February 16, 2024 and February 27, 2024, highlighted the concern regarding non-availability of RFQ platform. However, Noticee No. 1 has not produced any reply to these emails received from the stock exchanges. I also note from the record that OBPP association had been writing to SEBI as well as stock exchanges regarding the technical/infrastructural issues while dealing with RFQ platform. I further note that few of such issues were acknowledged by the stock exchanges.

22. I also note from the submissions of Noticee No. 1 that despite the mandatory implementation of RFQ platform, Noticee No. 1 kept routing the orders through OTC platform citing the aforesaid issues.

23. Instead of waiting for the resolution of technical/infrastructural issues, Noticee No. 1 continued to route the orders through off market/OTC platform. As per its own admission, Noticee No. 1 continued to offer listed debt securities to clients and routed trades though OTC platform ignoring the mandatory RFQ mode.

24. In this regard, it is noted that Noticee No. 1 has not produced any communication from SEBI or BSE/NSE granting permission to carry on trades on OTC platform or any communication wherein it sought exemption to continue to route the orders through OTC platform.

25. In view of the above, I am of the opinion that by failing to ensure that all the orders placed on its OBP with respect to listed debt securities were routed through the RFQ platform of a recognized stock exchange, Noticee No. 1 has violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024.

Issue No. II Whether Noticee No. 1 failed to comply with code of advertisement for OBPP, published advertisements which were not approved by stock exchange or rejected by the stock exchanges

and thereby, violated clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations?

26. It was alleged in the SCN that Noticee No. 1 published the advertisements which were not in conformity with the code of conduct specified for OBPPs, not approved or rejected by the stock exchange.

27. In this regard, I note that regulation 9 read with clause C(4) of Schedule II (Code of Conduct for Stock Brokers) of Stock Brokers Regulations mandates a stock broker to not place any advertisement of his business publicly unless the same is permitted by the stock exchange.

28. Further, clause 5 of Annexure – XXI – A read with Annexure – XXI – C of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and SEBI NCS Master Circular dated May 22, 2024 specified the code to be followed by OBPP while making an advertisement which, *inter alia,* includes details of disclaimer to be added in the advertisement.

29. It is observed from the advertisements published by Noticee No. 1 that it published the advertisements without standard disclaimer that "*Investments in debt securities are subject to risks. Read all the offer related documents carefully*" as against the mandate of the aforesaid Circulars.

30. I also note that Noticee No. 1 published advertisement which are related to specific securities thus, promoted certain securities and those advertisements also provided expected return/ yields which appears to be computed based on projections/ assumptions understating the risks involved.

31. Noticee No. 1 in this regard admitted in its reply that it had published advertisements without receiving approval from the stock exchange.

32. Noticee No. 1 has submitted that it is not the case that it had not sought approval for certain advertisements, however, the same was rejected stating that certain usage of words was under discussion, for eg: yields, returns, etc. Noticee No. 1 further submitted that certain contents which were not allowed earlier have been allowed in the new advertisement code.

33. Noticee No. 1 has contended that all the advertisement which were earlier rejected by the stock exchanges are now in line with the updated code of conduct issued by the stock exchanges on November 08, 2024 except the IPO ones. Thus, from the said submissions of Noticee No. 1, it can be inferred that these advertisements were approved by the stock exchanges only with effect from November 08, 2024. Therefore, any such advertisements prior to November 08, 2024 were not in line with the code of conduct. Hence, I am of the opinion that by publishing such advertisements which were not in conformity with the code of advertisement, which were rejected or not approved, Noticee No. 1 had violated clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure –XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations.

Issue No. III Whether Noticee Nos. 2 to 5, being directors of Noticee No. 1 have violated clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 2.1 of SEBI Circular No. SEBI/HO/DDHS/ POD1/P/CIR/2023/194 dated December 28, 2023 and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024 and Annexure – XXIC of SEBI NCS Master Circular

SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations?

34. It was alleged in the SCN that Noticee Nos. 2 to 5 were directors of Noticee No. 1 during the inspection period. Thus, they were in charge of and responsible for the conduct of the business of Noticee No. 1. Therefore, they were deemed to have committed the contraventions as alleged above.

35. In this regard, Noticee Nos. 2 to 5 have submitted that they cannot be held vicariously liable for the alleged contraventions in the absence of any specific finding establishing their direct role, knowledge, or responsibility in respect of the alleged violations.

36. I note that there is no material available on record to demonstrate the specific role of Noticee Nos. 2 to 5 with respect to the violation on the part of Noticee No. 1 and the SCN has not attributed any act of omission or commission personally to Noticee Nos. 2 to 5.

37. It is pertinent to mention here that Hon'ble Securities Appellate Tribunal (SAT) in the matter of Amit Misra v. SEBI[1] observed that every director need not be penalized merely because he/she is a director and if the director can explain that he/she had no role to play in the alleged default, the presumption of guilt followed by penalty cannot be attached. Hon'ble SAT observed that:

"*7. Further, the decision of this Tribunal in Dr. Jugal Kishore Satapati vs. SEBI appeal no. 283 of 2018 decided on 28th June, 2019, G. Unnikrishnan Nair & Ors. vs. SEBI, appeal no.5 of 2018 decided on 27th November, 2019, Sayati Sen vs. SEBI, appeal no.163 of 2018 decided on 9h August, 2019, are applicable.* <u>*This Tribunal has held that the mere fact that a person is a Director of a company cannot*</u>

[1] Appeal No. 410 of 2019, Date of order March 09, 2021

be held responsible for the acts of the Company unless it is found that the said person was responsible in some way for the alleged violation." (Emphasis supplied)

38. Thus, in the absence of any evidence depicting the active involvement of Noticee Nos. 2 to 5, I find it difficult to hold the directors liable for the violations committed by Noticee No. 1.

Issue No. IV If yes, whether the failure, on the part of the Noticee No. 1 would attract monetary penalty under section 15HB of the SEBI Act?

Issue No. V If yes, what would be the monetary penalty that can be imposed upon the Noticee No. 1 taking into consideration the factors stipulated in section 15J of the SEBI Act?

39. In view of the abovementioned observations and findings and having considered all the facts and circumstances of the case, the material available on record including the submissions of the Noticee No. 1, I find that Noticee No. 1 failed to adhere to the regulatory requirement of executing the orders through RFQ platform in violation of clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated August 10, 2021 (updated as on July 07, 2023) and clause 3.4.1 of Annexure-XXI-A read with clause 5.2.1 of Chapter XXI of SEBI NCS Master Circular dated May 22, 2024 and failed to comply with code of advertisement for OBPP and published advertisements which were not approved or rejected by the stock exchanges in violation of clause 5 of Annexure – XXIA read with Annexure – XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 (updated as on July 07, 2023), clause 5 of Annexure – XXIA read with Annexure –XXIC of SEBI NCS Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 and regulation 9 read with clause C(4) of Schedule II of Stock Brokers Regulations.

40. The aforesaid violations, makes the Noticee No. 1 liable for imposition of penalty under section 15HB of the SEBI Act.

"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."

41. While determining the quantum of penalty under section 15HB of SEBI Act, the following factors stipulated in section 15J of the SEBI Act are taken into account:

"Factors to be taken into account while adjudging quantum of penalty by the Adjudicating Officer
15J. While adjudging quantum of penalty under 15-I, 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."

42. In the present matter, it is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee No. 1. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors /clients on account of default by Noticee No. 1. As regard the repetitive nature of default, there is nothing on record to show that the nature of default by Noticee No. 1 is repetitive. However, I cannot ignore the fact that as a SEBI registered Intermediary, Noticee No.1 was under a statutory obligation to abide by the provisions of NCS Regulations and Stock Brokers Regulations, which it failed to do. At the same time, due regard is also given to the fact that Noticee No. 1 had faced technical and operational difficulties in operationalizing the RFQ platform and there were no investor complaints in this regard. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

43. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary penalty of Rs. 2,00,000/-

(Rupees Two Lakh only) on Noticee No. 1, i.e., Launchpad Fintech Private Limited under section 15HB of SEBI Act. The adjudication proceedings initiated against Noticee Nos. 2 to 5 are hereby disposed of without imposition of any penalty.

44. I am of the view that the said penalty is commensurate with the violations committed by Noticee No. 1.

45. Noticee No. 1 shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.

46. In terms of rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2025.11.27 16:32:14 +05'30'

Date : November 27, 2025
Place : Mumbai

JAI SEBASTIAN
ADJUDICATING OFFICER