

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/SS/RK/2023-24/29701)**

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

Name of the Entity	Registration Number	PAN
Onepaper Research Analysts Pvt Ltd	INH000008093	AADCO2642Q

FACTS OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), had conducted inspection of documents and other records of Onepaper Research Analysts Pvt Ltd., (hereinafter referred to as “**Noticee/Onepaper**”), registered with SEBI as a Research Analyst having Registration No. INH000008093, to verify the possible violation(s) of the provisions of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”), Securities and Exchange Board of India (Research Analysts Regulations, 2014 (“**RA Regulations**”) by the Noticee. A copy of the findings of the Inspection Report (hereinafter referred to as “**IR**”) had been communicated to the Noticee vide letter dated November 07, 2022.
2. Consequent upon the analysis of the findings of the inspection vis-a-vis the reply of the Noticee, it was allegedly observed the following:
 - a) Irregularities with respect to Conditions of Certificate.
 - b) Irregularities with respect to establishing internal policies and procedures.
 - c) Irregularities w.r.t Disclosures in Research Reports.
 - d) Failure to comply with General Responsibility of being an RA.

- e) Failure to Appoint Compliance Officer.
- f) Failure to Display the mandatory information.

3. The aforesaid alleged conduct of the Noticee were in violation of the followings:

- a) Regulation 13(i) and 13(ii) of RA Regulations read with Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- b) Regulation 15(1) of RA Regulations;
- c) Regulation 19(i)(a)(b)(c) and 19(ii)((d)) of RA Regulations;
- d) Regulation 24(2) of RA Regulations r/w Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- e) Regulation 26 of RA Regulations;
- f) SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014;
- g) Regulation 32(i) of RA Regulations

4. In view of the above, adjudication proceedings was initiated against the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

5. In this regard, the undersigned was appointed as the Adjudicating Officer (“**AO**”) by SEBI, vide order dated April 25, 2023, communicated vide communique dated April 26, 2023 under Sub-section 1 of Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure of Holding Inquire and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to inquire into and adjudge under Section 15EB of the SEBI Act for the aforesaid alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Accordingly, a Show Cause Notice No. SEBI/HO/EAD/EAD4/P/OW/2023/0000022172/1 dated May 31, 2023 (hereinafter referred to as ‘SCN’) was issued to the Noticee under Rule 4 of the Adjudication Rules, to show cause as to

why an inquiry should not be held and penalty be not imposed under Section 15EB of the SEBI Act for the aforesaid alleged violations.

7. The said SCN was served on the Noticee via SPAD which was duly delivered. The proof of service is on record. In response, the Noticee vide email dated June 13, 2023 requested to be granted more time to file reply to the SCN. Accordingly, in the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, vide email dated June 13, 2023, which was duly delivered, the said requested was acceded to and a hearing opportunity was also granted to appear in person on July 03, 2023. However, the Noticee abstained on the said hearing date and submitted its reply to the SCN vide email dated June 30, 2023. Further, Noticee vide email dated July 04, 2023 apprised that it would opt for Settlement mechanism as provided under (Settlement Proceedings), Regulations 2018 pursuant to which it had filed settlement application dated August 03, 2023 with SEBI. In the meanwhile, vide email dated July 21, 2023 another opportunity of hearing was granted to the Noticee to appear for hearing on July 30, 2023. The said hearing was attended to by the Authorized Representative (AR) and Compliance Officer of the Noticee wherein they reiterated the submission made vide its letter dated June 30, 2023. Subsequently, vide email dated October 05, 2023, the Noticee apprised that it had withdrawn its settlement application and requested to be granted another opportunity of hearing. Accordingly, vide email dated October 16, 2023, the said Noticee was granted another final opportunity of hearing. In the said hearing, the AR and Compliance Officer of the Noticee reiterated the submissions made earlier vide email dated June 30, 2023. The submissions made by the Noticee are summarized hereunder:

- a) *Noticee made a submission that due to certain liquidity and personal constraints, Mr Vishal Gautam had transferred his shareholding stake to Ms. Priyanka Gupta and that it acknowledges it as an inadvertent oversight on its part*
- b) *It further submitted that the aforesaid change in the shareholding did not impact its functioning and activities which also did not result in change in management of the company and after receipt of the inspection findings it had*

taken the corrective steps by informing SEBI of the said change in its shareholders.

- c) With regard to the material change w.r.t the address in the Registration application, Noticee submitted that at the time of incorporation, its intention was to carry out its business activities from its registered office, situated at 74 Techno park, 74/II, C Cross Road, Opp Gate No2 MIDC, Seepz Andheri East, Mumbai, Maharashtra, India. However, due to COVID-19 pandemic and the subsequent restriction imposed, it was facing several challenges in carrying out its activities from its aforesaid Registered office which ultimately necessitated the establishment of its operations in Bengaluru including hiring support staff based in Bengaluru.*
- d) Further, w.r.t the intimation with delay regarding appointment of the 2nd Research Analyst, Noticee admitted that it was an inadvertent oversight on its part.*
- e) Noticee also submitted that w.r.t irregularities on establishing internal policies and procedures, it doesn't not undertake the activities contrary to that prescribed under the relevant provisions of RA Regulations owing to which the provisions w.r.t to the relevant RA Regulations were not specifically included in the internal policies of the Noticee. Accordingly, it has not violated the said provisions.*
- f) Further, Noticee submitted that it maintains duly signed and dated records of the Research reports and therefore, the same was not mentioned in the internal policy of the Noticee.*
- g) Noticee apologized for the oversight in the contradictory language used in the Research Report dated March 11, 2022 (Diversified Equity Research Analysis) and submitted that it has taken due measures to ensure that the subsequent reports have been revised to ensure clarity and compliance with the provisions of Regulation 19(i)(a), (b) and (c).*
- h) Noticee further submitted that its associates/relatives had not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject company in that past twelve months. Accordingly, it submitted that it has not violated the provisions of Regulation 19(ii)(d) of RA Regulations since it had included provisions of Regulation 19(ii)(d) as part of the disclosures in the said report.*
- i) Noticee submitted that the two google advertisements i.e. "Know The Top Multibagger Stocks of the day from one of the top Research Experts". (Advertisement 1) and "Get stock tips from SEBI Registered & Most Trusted Investment Advisor" (Advertisement 2) were erroneously updated by its marketing team and that it had rectified this error by removing the said*

advertisements on November 03, 2022 and September 07, 2022 respectively and that latter one was removed prior to the receipt of email from the ASCI.

- j) Noticee submitted that for the period commencing from January 14, 2021 to October 31, 2021, Mr Kunal Shah had served as the compliance officer. It further made a submission that Ms Sachethana G served as the compliance officer from November 01, 2021 to September 30, 2022.*
- k) Noticee submitted that although Ms Sachethana's designation was that of "Legal Executive" but her responsibilities inter alia included ensuring compliance with the provisions of the SEBI Act, the Regulations and circulars issued thereunder.*
- l) At last, Noticee submitted that it had taken corrective steps by displaying the requisite details in its office in Bengaluru.*

8. Taking into account the aforesaid facts, I am of the view that the principles of natural justice have been duly followed in the matter by granting the Noticee, an opportunity for replying to the SCN and of being heard. Therefore, I deem it appropriate to decide the matter on the basis of facts/material available on record and reply submitted by the Noticee.

CONSIDERATION OF ISSUES AND FINDINGS: -

9. I have carefully perused the charges levelled against the Noticee and the documents / material available on record. The issues that arise for consideration in the present case are:

Issue No. I: Whether Noticee has violated the aforesaid provisions of SEBI Circular and RA Regulations as mentioned at para 3 above?

Issue No. II: If yes, does the violation, on the part of the Noticee would attract monetary penalty under Section 15EB of the SEBI Act?

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

10. Before proceeding further, I would like to refer to the relevant provisions of law as under:

Relevant provisions of SEBI (Research Analysts) Regulations, 2014.

Conditions of Certificate

Regulation 13 *The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:*

- (i) the research analyst shall abide by the provisions of the Act and these regulations;*
- (ii) the research analyst shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;*

Establishing Internal policies and procedures

Regulation 15(1) *Research analyst or research entity shall have written internal policies and control procedures governing the dealing and trading by any research analyst for:*

- (i) addressing actual or potential conflict of interest arising from such dealings or trading of securities of subject company;*
- (ii) promoting objective and reliable research that reflects the unbiased view of research analyst; and*
- (iii) preventing the use of research report or research analysis to manipulate the securities market.*

Disclosures in research reports

Regulation 19. *A research analyst or research entity shall disclose all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such*

other information as is necessary to take an investment decision, including the following:

(i) Research analyst or research entity shall disclose the following in research report and in public appearance with regard to ownership and material conflicts of interest:

- (a) **whether** the research analyst or research entity or his associate or **his relative** has any financial interest in the subject company and the nature of such financial interest;
- (b) **whether** the research analyst or research entity or its associates or **relatives**, have actual/beneficial ownership **of one per cent.** or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;
- (c) **whether** the research analyst or research entity or his associate or his **relative**, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance;

(ii) Research analyst or research entity shall disclose the following in research report with regard to receipt of compensation:

(d) whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

General responsibility

Regulation 24(2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.

Appointment of compliance officer.

Regulation 26. Research analyst or research entity which is a body corporate or limited liability partnership firm shall appoint a compliance officer who shall be responsible for

monitoring the compliance of the provisions of the Act, these regulations and circulars issued by the Board.

Liability for action in case of default

Regulation 32. Research analyst or research entity who:

(i) contravenes any of the provisions of the Act or any regulations or circulars issued thereunder;

THIRD SCHEDULE

CODE OF CONDUCT FOR RESEARCH ANALYST

1. Honesty and Good Faith

Research analyst or research entity shall act honestly and in good faith.

2. Diligence

Research analyst or research entity shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis.

8. Responsibility of senior management

An investment adviser shall have and employ effectively appropriate resources and procedures which are needed for the efficient performance of its business activities.

Relevant Provisions of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014

Relevant provisions are specified under the below mentioned link:

https://www.sebi.gov.in/legal/circulars/aug-2014/information-regarding-grievance-redressal-mechanism_27882.html

Issue No. I: Whether Noticee has violated the aforesaid provisions of SEBI Circular and RA Regulations as mentioned at para 3 above?

Alleged violation 1: Irregularities with respect to Conditions of Certificate

11. With respect to the captioned allegation, I note from IR that the inspecting team had sought Registration application from the Noticee which was submitted by it vide its email dated October 12, 2022 and subsequent reply to the query raised by the inspecting team which was given by the Noticee vide its email dated October 20, 2022. With regard to the said application and reply submitted by the Noticee, following material changes were observed from the reply of the Noticee, which are mentioned in table 1 below:

Table 1

S. No.	Parameters	Information submitted vide Registration Application	Material Changes Observed wrt to information submitted in Registration Application
a.	Shareholder	Vishal Gautam (25%)	Priyanka G (25%)
b.	Correspondence Office and registered office	74 Techno park, 74/II, C Cross Road, Opp Gate No2 MIDC, Seepz Andheri East, Mumbai, Maharashtra, India	Inspecting team was apprised by the Noticee that it has co working space at Correspondence address. There is no staff or physical space at this office. All activities are done from Bangalore office and correspondence/documents received in Mumbai office are forwarded to Bangalore office
c.	Principal place of Business	Same as registered office	Bangalore
d.	No. of Research Analysts	1	2 (Mr. Ishan Gaur was appointed w.e.f. February 01, 2022.

12. With regard to the aforesaid, I note from IR that the Noticee did not inform SEBI about above material changes at Sr Nos. a-c. Further, I note from IR that the information regarding appointment of 2nd Research Analyst namely Mr Ishan Gaur

was submitted on SEBI SI portal with a significant delay of approximately 105 days i.e. on May 17, 2022.

13. In this regard, Noticee made a submission that due to certain liquidity and personal constraints, Mr Vishal Gautam had transferred his shareholding stake to Ms. Priyanka Gupta and that it acknowledged it as an inadvertent oversight on its part. It further submitted that the aforesaid change in the shareholding did not impact its functioning and activities which also did not result in change in management of the company and after receipt of the inspection findings it had taken the corrective steps by informing SEBI of the said change in its shareholders. With regard to the Noticee's aforesaid submission, I note that Noticee has admittedly not informed the SEBI of the change in its shareholders which was a material information w.r.t to the information previously submitted to SEBI and the Noticee was required to intimate the said change as and when it took place. It can not absolve itself by making blanket statement that the said change didn't result in change of management. Accordingly, Noticee's submission in this regard is untenable.

14. With regard to the material change of the address in the Registration application, Noticee submitted that at the time of incorporation, its intention was to carry out its business activities from its registered office, situated at 74 Techno park, 74/II, C Cross Road, Opp Gate No2 MIDC, Seepz Andheri East, Mumbai, Maharashtra, India. However, due to COVID-19 pandemic and the subsequent restriction imposed, it was facing several challenges in carrying out its activities from its aforesaid Registered office which ultimately necessitated the establishment of its operations in Bengaluru including hiring support staff based in Bengaluru.

15. From the above, I note that Noticee had admitted that it had established its principal place of business and correspondence office in Bengaluru and not in Mumbai as stated in the application. Noticee was duty bound as per the provisions of Regulation 13(i) and 13(ii) to inform the SEBI of the said change in address. Further, Noticee has cited COVID imposed restrictions as ground for not informing SEBI of the change in address. However, I note that the COVID did not restrict the

Noticee from informing SEBI of the said change and the same could have been informed by it from any place. Accordingly, the said submission of the Noticee is bereft of merits.

16. Further, w.r.t the intimation with delay regarding appointment of the 2nd Research Analyst i.e. Mr Ishan Gaur, Noticee admitted that it was an inadvertent oversight on its part. In this regard, I note that the Noticee has admitted failure on its part that it had informed with delay regarding the appointment of 2nd Research Analyst.

17. Accordingly, in view of the aforesaid, I note that the Noticee has violated Regulation 13(i) and 13(ii) of RA Regulations read with Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations by not informing SEBI of material changes in the information already submitted at the time of registration with a further failure on its part to act with honesty, in good faith and with diligence by designating Mumbai office as Principal place of correspondence and Registered office which was in fact a co-working office without any responsible staff.

Alleged Violation 2: Irregularities w.r.t establishing internal policies and procedures

18. In addition to the aforesaid, I note from IR that the inspecting team had sought copy of internal policy from the Noticee vide email dated October 20, 2022 wherein it was observed that the internal policy of RA did not cover requirements regarding conflict of interest, promoting objective and reliable research report reflecting its unbiased view, preventing the use of research report or analysis to manipulate market and other conditions and accordingly, it was alleged in the SCN that the Noticee had violated provisions of Regulation 15(1) of RA Regulations by not incorporating the requirements prescribed under RA Regulations.

19. In this regard, Noticee submitted that w.r.t compliance of the relevant provisions of RA Regulations, it doesn't not undertake the activities contrary to and undertakes activities as prescribed respectively under the relevant provisions of Regulations

owing to which the provisions w.r.t to the RA Regulations were not specifically included in the internal policies of the Noticee. Accordingly, it has not violated the said provisions. Further, it submitted that it maintains duly signed and dated records of the Research reports.

20. With regard to the Noticee's aforementioned submission, I note that Noticee has admitted non-inclusion of the provisions as alleged in the SCN and the reason for such non-inclusion being that it did not undertake the activities contrary to the relevant provisions of RA Regulations or it was following whatever provisions were applicable does not stand as the requirements stipulated in the relevant provisions of RA Regulations should have been specifically included by it in its internal policy. With regard to its submission that it maintains duly signed and dated records of the Research reports, I note that the Noticee failed to provide any documentary evidence in support of its said claim. Accordingly, in view of the above, I note that the Noticee has violated provisions of the Regulations 15(1) of RA Regulations by not covering requirements regarding potential conflict of interest, promoting objective and reliable research report reflecting its unbiased view, preventing the use of research report or analysis to manipulate market, etc.

Alleged Violation 3: Irregularities w.r.t Disclosures in Research Reports

21. Further, I note from IR that in order to ensure compliance with respect to provisions of Regulation 19 of RA Regulations regarding disclosures in the Research Reports, the inspecting team had sought a copy of Research Report dated March 11, 2022 (Diversified Equity Research Analysis) from the Noticee which was provided vide email dated October 07, 2022 wherein it is observed that the disclosures in the said report did not cover all the requirements of the said Regulation. The following disclosures had been made in the aforesaid research Research report:

Disclosures with respect to Research and Recommendations Services

*Research Analyst or its employee or its associates **may have** financial interest or actual /beneficial ownership in the securities recommended in its personal portfolio. Details of the same may be referred through the disclosures made at the time of advice.*

There are no actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might

compromise its objectivity or independence in the carrying on of Research Analyst services. Such conflict of interest shall be disclosed to the client as and when they arise.

Research Analyst or its employee or its associates have not received any compensation from the subject company in past 12 months.

Research Analyst or its employee or its associates have not managed or co-managed the public offering of Subject Company in past 12 months.

Research Analyst or its employee or its associates have received any compensation for investment banking or merchant banking of brokerage services from the subject company in past 12 months.

Research Analyst or its employee or its associates have not received any compensation for products or services other than above from the subject company in past 12 months.

Research Analyst or its employee or its associates have not received any compensation or other benefits from the Subject Company or 3rd party in connection with the research report/recommendation.

The subject company was not a client of Research Analyst or its employee or its associates during twelve months preceding the date of distribution of the research report and recommendation services provided.

Research Analysts or its employee or its associates has not served as an officer, director or employee of the subject company.

Research Analysts has not been engaged in market making activity of the subject company.

.....

*The Research Analyst and/or its associates/or its relatives **do not** have any financial interest in the subject company.*

*Research Analyst and/or its associates/or its relatives **do not** have any actual/beneficial ownership of one percent or more in the subject company.*

Details of the associate

Kunal Shah Kumar (Research Analyst & Director)

Siddarth Ramaswamy (Director)

22. With regard to the aforesaid, Noticee apologized for the oversight in the contradictory language used in the said report and submitted that it has taken due measures to ensure that the subsequent reports have been revised to ensure clarity and compliance with the provisions of Regulation 19(i)(a), (b) and (c). Noticee further submitted that its associates/relatives had not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject company in that past twelve

months. Accordingly, it submitted that it has not violated the provisions of Regulation 19(ii)(d) of RA Regulations since it had included provisions of Regulation 19(ii)(d) as part of the disclosures in the said report.

23. With respect to the Noticee's aforesaid submission, I note that with regard to the Noticee's submission on compliance of Regulation 19(ii)(d) of RA Regulation, there is a contradiction/variation w.r.t the provisions of the said Regulation as mentioned by the Noticee in the said report and that tacit admission on the part of the Noticee w.r.t compliance of Regulations 19(i)(a), (b) and (c) by apologizing for the oversight in the contradictory language used in the said report and a further submission that it had taken due measures to ensure that the subsequent reports have been revised to ensure clarity shows that it has violated the provisions of said Regulations.

24. Accordingly, in view of the above, it stands established that the Noticee has admittedly violated the provisions of Regulations 19(i)(a)(b)(c) and 19 (ii)(d) of RA Regulations by not including the provisions of the said Regulations in its disclosure reports.

Alleged Violation 4: Failure to comply with General Responsibility of being an RA

25. I note from IR that the examination of google advertisements provided by the Noticee during the inspection read as below:

"Know The Top Multibagger Stocks of the day from one of the top Research Experts".

26. With regard to the aforesaid, the Noticee could not provide any basis or justification for usage of *"one of the top Research Experts"* as mentioned hereinabove.

27. Further, I note from IR that while examination of random emails of the Noticee, one email dated September 26, 2022 of Advertising Standards Council of India

(ASCI) was found which was regarding an advertisement of the Noticee which read as below:

"Get stock tips from SEBI Registered & Most Trusted Investment Advisor"

28. In this regard, I note from the IR that ASCI had sought verifiable comparative data, market survey data etc. from the Noticee basis which it had advertised itself as the *"Most Trusted Investment Advisor"* and accordingly, had asked to withdraw/modify above claim in case its aforesaid claim did not fulfil the above requirements. In response to this, Noticee vide email dated September 27, 2022 had informed ASCI that the advertisement was taken down on September 07, 2022 and had opted for the Informal Resolution mechanism offered by ASCI which is applicable in the case when the claim made in the advertisement could not be substantiated in the absence of supporting documents. In view of the reply of the Noticee, ASCI had taken on record an informal resolution of complaint.

29. With regard to the aforesaid, Noticee submitted that the two aforementioned google advertisements i.e. *"Know The Top Multibagger Stocks of the day from one of the top Research Experts"*. (Advertisement 1) and *"Get stock tips from SEBI Registered & Most Trusted Investment Advisor"* (Advertisement 2) were erroneously updated by its marketing team and it had rectified this error by removing the said Advertisements on November 03, 2022 and September 07, 2022 respectively and that latter one was removed prior to the receipt of email from the ASCI. Noticee further submitted that it acknowledges the oversight on its part and would exercise greater caution in future.

30. As regards Noticee's aforesaid submission, I note that the Noticee had admitted the violation on its part which is also evident from the fact that it had removed the said advertisements thereby acknowledging the mistake on its part. Accordingly, in view of the foregoing, I note that that the Noticee has admittedly violated Regulation 24(2) of RA Regulations r/w Clauses 1,2 and 8 of "Code of Conduct for Research Analyst" as specified in Schedule III of RA Regulations by having failed to act with honesty, in good faith and with diligence by claiming to be *"One of the top Research Experts"* and *"Most Trusted Investment Advisor"* without any factual basis and with a failure on the part of the senior management of the Noticee to

ensure maintenance of appropriate standard of conduct and adherence of proper procedures.

Alleged violation 5: Failure to appoint Compliance Officer

31. With regard to the captioned allegation, I note IR that the details of the appointment of Compliance Officer for the period from January 14, 2021 i.e date of Registration of the Noticee to October 31, 2021 were sought by the inspecting team which the Noticee failed to provide. In addition to above, the inspecting team had also sought details of Compliance Officer Ms Sachethana G for the period from November 01, 2021 to September 30, 2022. In this regard, further, I note from IR that Ms Sachethana G was appointed as a "Legal Executive" instead of Compliance Officer as mentioned by the Noticee in its reply to Pre Inspection Questionnaire (PIQ) for the aforesaid period and that Ms Nazma Begum was appointed as a Compliance Officer from October 1, 2022 onwards.

32. With regard to the aforesaid, Noticee submitted that for the period commencing from January 14, 2021 to October 31, 2021, Mr Kunal Shah had served as the compliance officer. It further made a submission that Ms Sachethana G served as the compliance officer from November 01, 2021 to September 30, 2022. In addition to the above, Noticee submitted that although Ms Sachethana's designation was that of "Legal Executive" but her responsibilities inter alia included ensuring compliance with the provisions of the SEBI Act, the Regulations and circulars issued thereunder.

33. In this regard, I note that the Noticee failed to provide any documentary evidence to substantiate its claim that Mr Kunal Shah was the compliance officer from January 14, 2021 to October 31, 2021 and that it had only submitted an NISM certification of Mr Kunal Shah of having passed the certification exam of "NISM – Series-III-A: Securities Intermediaries Compliance (Non Fund) Certification Examination" conducted by NISM which nowhere proves that Mr Kunal Shah was appointed as the compliance office since the same was not communicated to SEBI by the Noticee. Further, with regard to the appointment of Ms Sachethana G, Noticee has admitted that Ms Sachethana G was appointed as the "Legal

Executive” and that her responsibilities included ensuring compliance with the SEBI Act, etc. Further, I note from the material available on record that the offer letter of Ms Sachethana G nowhere mentions the aforesaid roles as claimed by the Noticee hereinabove. Accordingly, in view of the above, I do not find any merit in the submission of the Noticee.

34. In view of the above, it stands established that the Noticee has violated Regulation 26 of the RA Regulations by not appointing a Compliance officer from the date of its registration to September 30, 2022.

Alleged violation 6: Failure to display mandatory information

35. I note from IR that the SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014 makes it mandatory on the part of RA to display the photocopy of certificate of Registration, name and contact details of the compliance officer at the office premise of RA. However, the Noticee had neither displayed a photocopy of the certificate of registration nor the name and contact details of the compliance officer required under aforementioned circular.

36. With regard to the aforesaid, Noticee submitted that it had taken corrective steps by displaying the requisite details in its office in Bengaluru.

37. In this regard, I note that the Noticee had admittedly not displayed the aforesaid details and the same is claimed to be displayed after the inspection team pointed out the said irregularity.

38. Accordingly, in view of the above, it stands established that the Noticee has admittedly violated the provisions of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014 r/w Regulation 32(i) of RA Regulations by having failed to display the photocopy of certificate of Registration, name and contact details of the compliance officer at its office premise during the IP.

39. The upshot of the above discussion is that the Noticee has violated the relevant provisions of the RA Regulations and SEBI Circular as alleged in the SCN and the same has been established in the preceding paragraphs.

Issue No. II: If yes, does the violation, on the part of the Noticee would attract monetary penalty under Section 15EB of the SEBI Act?

40. As it has been established that the Noticee has violated following provisions of SEBI Circular and RA Regulations.

- a) Regulation 13(i) and 13(ii) of RA Regulations read with Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- b) Regulation 15(1) of RA Regulations;
- c) Regulation 19(i)(a)(b)(c) and 19(ii)((d)) of RA Regulations;
- d) Regulation 24(2) of RA Regulations r/w Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- e) Regulation 26 of RA Regulations;
- f) SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014;
- g) Regulation 32(i) of RA Regulations;

41. In the context of the above, I refer to the observations of Hon’ble Supreme Court in the matter of Chairman, ***SEBI vs. Shriram Mutual Fund*** {[2006] 5 SCC 361} wherein the Hon’ble Court had held that: *“In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established.....”*

42. Therefore, in view of the foregoing and placing reliance on the above judgement of Hon’ble Apex Court, I am of the view that the Noticee is liable for imposition of monetary penalty under Section 15EB of the SEBI Act, which is reproduced hereunder:

Relevant provisions of SEBI Act, 1992

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..

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

43. While determining the quantum of penalty under Section 15EB of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:

SEBI Act, 1992

15J. While adjudging quantum of penalty under section 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.

44. I observe that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the said Noticee. From the document available on record, it is not ascertainable whether the acts of the Noticee are repetitive in nature. However, it is pertinent to note that the role of a research analyst is crucial as it is primarily responsible for preparation/publication of research report or making buy/sell hold

recommendations or giving price target or offering an opinion concerning public offer with respect to securities that are listed or to be listed on the stock exchange. I find it pertinent to mention here that registration is with the objective of protecting the interests of the investors, as it casts accountability and responsibility upon the registered Research Analyst to comply with all regulatory requirements applicable to the conduct of its business activity so, as to promote the best interests of clients and the integrity of the market. I consider that the irregularities on the part of the Noticee viz. regarding conditions of certificate, establishing internal policies and procedures, disclosures in research reports and failures on its part to comply with general responsibility of being an RA, appointment of compliance officer and display of mandatory information is in reckless disregard to the regulatory requirement of a Research Analyst. The misconduct of the Noticee as brought out in the preceding paragraphs clearly shows that it has failed in its fiduciary duties owed to its clients.

ORDER

45. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section 15EB of the SEBI Act on the Noticee for violations of the following provisions of SEBI Circular and RA Regulations:

- a) Regulation 13(i) and 13(ii) of RA Regulations read with Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- b) Regulation 15(1) of RA Regulations;
- c) Regulation 19(i)(a)(b)(c) and 19(ii)((d)) of RA Regulations;
- d) Regulation 24(2) of RA Regulations r/w Clauses 1,2 and 8 of “Code of Conduct for Research Analyst” as specified in Schedule III of RA Regulations;
- e) Regulation 26 of RA Regulations;
- f) SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014;
- g) Regulation 32(i) of RA Regulations;

Name of the Noticee	Penal provisions	Penalty
Onepaper Research Analysts Pvt Ltd	Section 15EB of the SEBI Act	Rs.6,00,000/- (Rupees Six Lakhs Only)

46. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through 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.

47. The said payment details and confirmations of e-payments made (in the format as given in table below) should be forwarded to “The Division Chief, Enforcement Department (EFD1 – DRA IV), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.

1. Case Name:	
2. Name of the Noticee:	
3. PAN No. of the Noticee	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	

6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

48. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

49. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Date: October 31, 2023

SANTOSH KUMAR SHARMA

Place: Mumbai

ADJUDICATING OFFICER