BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/GN/2024-25/30873]

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) RULES, 1995;

In respect of

Noticee No.	Name of the Noticee	PAN
1	Sharekhan Limited	AAECS5096H

In the matter of

Sharekhan Limited

Background

1) Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) conducted a comprehensive joint inspection of Sharekhan Limited (hereinafter referred to as **Noticee**) from January 12, 2024 to January 18, 2024. The period covered in the inspection was from April 01, 2022 to November 30, 2023 (hereinafter referred to as **'Inspection Period'**).

2) The scope of the inspection was to, inter alia, verify whether the Noticee complied with the Regulations and Circulars issued in respect of the Stock Broking activities.

3) The Noticee is a SEBI-registered Stock Broker having SEBI registration number as INZ000171337. The Noticee is a trading member of Bombay Stock Exchange Ltd. (hereinafter referred to as **'BSE'**), National Stock Exchange of India Ltd (hereinafter referred to as **'NSE'**) and Multi Commodity Exchange of India Limited (hereinafter referred to as **MCX**)

4) Based on the findings of Inspection conducted and the response of the Noticee submitted to SEBI, certain alleged non-compliances were observed of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as **Stock Brokers regulation**) and circulars issued by BSE.

APPOINTMENT OF ADJUDICATING OFFICER

5) SEBI, vide communiqué dated June 25th, 2024, appointed the undersigned as the Adjudicating Officer to inquire into and adjudge under the provisions of Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act**), for the following violations alleged to have been committed by the Noticee.

Sr. No.	Alleged Violations (summarized)	Regulatory provisions
1	Monthly/Quarterly Settlement of Funds and Securities	Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992. Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992. Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.
2	Risk Based Supervision	Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and

		BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

SHOW CAUSE NOTICE, REPLY AND HEARING

6) Show Cause Notice (hereinafter being referred to as the **"SCN"**) dated July 04, 2024 was issued to Noticee in terms Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against Noticee and why penalty, if any, should not be imposed upon Noticee under Section 15HB of SEBI Act for the aforesaid alleged violations.

7) Following is allegation made against the Noticee in the SCN-

Monthly / Quarterly Settlement of Funds and Securities

a) During inspection, it is observed that the Noticee has not submitted UCC wise settlement details for 110 Clients out of 200 sample clients. Therefore, it is alleged that Noticee has violated Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

b) It is also observed that there was a delay in quarterly settlement for 110 clients amounting to Rs. 2,16,94,258.04**.** Therefore, it is alleged that Noticee violated Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.

c) From the Cash & Cash Equivalent submission by Noticee, it is observed that in case of inactive clients, Noticee has mentioned remark as "No" in Column "Unclaimed_Unsettled_Client_Funds". However, during inspection it is observed that Noticee has tried to transfer funds to such inactive accounts but same could not be credited. Therefore, it is alleged that Noticee violated Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

d) It is also observed from the Cash & Cash Equivalent submission by the Noticee, that the amount lying in unclaimed unsettled client fund amounted to Rs. 26,72,40,463.66 whereas the amount lying in designated separate Bank Account for Inactive clients on June 30th, 2023, was Rs. 26,98,34,453.53 i.e. difference amounting to Rs. 25,93,989.87. Therefore, it is alleged that the Noticee has violated Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

Risk Based Supervision

e) During inspection, it is observed that the Noticee has not reported the correct debit and credit balance under the Risk based supervision submission for period 31st March 2023.

f) Therefore, it is alleged that Noticee violated Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

8) The SCN was sent to Noticee through Speed Post AD and via digitally signed Email on July 08, 2024 and was duly served upon Noticee. Vide email dated July 20, 2024, Noticee sought inspection of documents. Vide email dated July 22, 2024 Noticee was requested to specify the documents which they want to inspect. Thereafter, vide email dated July 24, 2024, Noticee specified the documents for inspection. In view of the same, vide email dated August 05, 2024 inspection of the documents as sought by Noticee was scheduled on August 14, 2024 and the inspection of documents was completed on the scheduled day. Vide email dated August 30, 2024 Noticee was advised to submit its reply on or before

September 09, 2024. Vide email dated September 09, 2024, Noticee submitted its reply to the SCN. The Noticee's reply is summarised below:

UCC wise settlement details of 110 clients not submitted

a) *Noticee submitted that out of the 110 clients, the accounts of 9 clients were opened during the month of September 2023. In terms of the FAQs (Question 11) issued vide BSE Notice No. 20220923-62 dated September 23, 2022, no settlement is required in case of new clients on the first settlement date after the registration of client. Accordingly, the running accounts of the abovementioned 9 clients were not required to be settled on October 06, 2023 as it was the first settlement cycle after registration of the client. It is further submitted that the running accounts of the said clients were settled in the next settlement cycle i.e. on January 05, 2024.*

b) *In case of 1 client - Mr. Chandrakant D Prabhu, Noticee submitted that the said client had closed his account on September 26, 2023 and the balance in his running account was also zero as on September 26, 2023. Thereafter, the client opened a new account with the Noticee with same PAN on September 28, 2023. As such, the client's account was not required to be settled on October 06, 2023 in terms of the September 2022 BSE Circular and the FAQs annexed therewith, and was settled in the next applicable settlement cycle.*

c) *In case of the remaining 100 clients, the Noticee submitted that it had attempted to settle the running accounts as on October 06, 2023. However, since the bank account details of the said clients were incorrect, payouts could not be made to the said accounts. It may be noted that the bank account details that were available with the Noticee were provided by the clients themselves and non-settlement of the accounts was a result of factors beyond the Noticee's control. It is further relevant to note that the Noticee had promptly sent appropriate notifications/ emails to the said 100 clients informing the clients that their accounts could not be settled on account of incorrect/ insufficient bank details. The Noticee also requested the clients to update their bank details with the Noticee so that settlement could be effected.*

d) *Noticee submitted that the reporting requirement arises only post settlement, and since settlement of accounts of the 110 clients could not be done as on October 06, 2023, UCC wise details of the said clients were not reported.*

e) *The amounts that could not be settled were upstreamed to the Clearing Corporation as per regulatory requirements laid down in SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 08, 2023 r/w FAQs issued vide the BSE Notice No. 20230812-1 dated August 12, 2023 (Question 25), and the Noticee has not mis-utilized clients' funds in any manner.*

f) *It is also to be noted that out of the 100 clients, 92 clients have subsequently provided correct bank account details, and their accounts have been settled thereafter.*

g) *Despite repeated attempts as on date, the Noticee has not received the correct bank details of 8 clients and their unsettled funds are lying with the Clearing Corporation.*

Delay in settlement of accounts of 110 clients

h) *As set out hereinabove, of the 110 clients, 9 clients had opened their accounts during the month of September 2023, and 1 client had closed his account on September 26, 2023, when the balance in his running account was also zero and had opened a new account on September 28, 2023 with the same PAN. Accordingly, the accounts of the said 10 clients were not required to be settled in the October - December, 2023 settlement cycle, and were required to be settled from the January - March, 2024 settlement cycle onwards, in terms of the September 22 BSE Circular. As mentioned above, the accounts of the said clients were duly settled in the January – March, 2024 settlement cycle, and thus there was no delay in the settlement of the accounts of the said clients.*

i) *Further, in respect of the remaining 100 clients, Noticee reiterated that while the Noticee had attempted to settle the accounts of such clients, the same was not successful on account of incorrect/ incomplete bank account details provided by the clients. As also informed, subsequently, settlement was concluded in respect of 92 clients who provided accurate bank account details.*

Incorrect information in the column "Unclaimed_Unsettled_Client_Funds" in the CCE submission

j) *Noticee submitted that during the inspection of documents on August 14, 2024, SEBI has provided a document relied upon by it for making the allegation containing a table with the following columns – (a) 'Shifting Date', (b) 'UCC', (c) 'Client Name', (d) 'Balance* *as on 30-11-23', (e) 'Remark/ reason for non-settlement of funds' and (f) 'Unclaimed unsettled amount' ("SEBI's Document"). It is unclear as to where SEBI has obtained the Uknown Document/ the information mentioned therein from as the Noticee has not made any such submission.*

k) *Noticee submitted that assuming that the SEBI's Document refers to the information submitted by the Noticee in the CCE Submission for November 30, 2023, it is submitted that the Noticee had mentioned 'Yes' in the column 'Unclaimed_Unsettled_Client_Funds' in the CCE Submission for November 30, 2023 for the clients mentioned in the SEBI's Document.*

Difference in amount of unclaimed unsettled client fund as per the CCE submission and the amount lying in the designated separate Bank Account for Inactive Clients

l) *Noticee submitted that at the relevant point in time, the Noticee shifted the unclaimed unsettled funds to a separate bank account for unclaimed unsettled funds ("Unclaimed Unsettled Funds Account") by taking into consideration the balances of the clients at a cut-off time of 4:30 pm. However, the reporting of the amount of unclaimed unsettled client fund in the CCE submission was done basis the balance available at the end of the day. Accordingly, there is a difference in the amount deposited/ transferred in the bank account and the amount that was reported.*

m) *Noticee submitted that for operational efficiency, basis suggestions given by NSE, the Noticee had deposited an amount of Rs. 25 lakh from Noticee's own funds into the Unclaimed Unsettled Funds Account to overcome any potential difference arising on account of the reason mentioned above.*

Incorrect debit and credit balance under the Risk Based Supervision ("RBS") submission

n) *Noticee submitted that the Noticee had reported the correct debit and credit balance in the RBS Submission for the period March 31, 2023. However, clear debit and credit balance was not reported.*

o) *Noticee submitted that the requirement of reporting clear balance was not explicitly mentioned in any of the circular applicable for submission of RBS. It is submitted that the BSE Notice No. 20230412-15 dated April 12, 2023 titled 'Risk Based Supervision*

(RBS) - Submission of information for the period April 01, 2022 – March 31, 2023' stated that the total debit balance of all clients across and total amount payable to all clients across all segments and exchanges as on March 31, 2023 were to be reported in the rows 'Total debit balance of all clients as last day of assessment period (in Rs.)' and the 'Total credit balance of all clients as last day of assessment period (in Rs.) of the RBS Submission, and no mention was made to the requirement of reporting 'clear debit or credit balances'. The same was subsequently clarified by NSE during their Compliance Workshop wherein NSE informed that 'clear balances' are to be considered for RBS submission from September 2023 onwards. It is submitted that the Noticee has taken note of the same and has adopted the practice of reporting clear balances in the RBS submissions from September 2023.

p) *Noticee submitted that every minor discrepancy or irregularity found during inspection cannot be converted into a violation for imposition of monetary penalty unless there is a serious lapse which is found in the course of inspection. Noticee referred to the orders passed by the Hon'ble Tribunal in the matter of Religare Securities Ltd. v. SEBI, ACML Capital Markets Ltd. v. SEBI and P.G Electroplast Ltd. & Ors. v. SEBI.*

q) *Noticee submitted that where the violation is technical and minor, it does not merit penal consequences and referred to the order Hon'ble Supreme Court in the matter of Hindustan Steel Ltd. v. State of Orissa, AIR 1970 SC 253, M/s. Cabot International Capital v. SEBI and Akbar Badruddin Jiwani V. Collector of Customs, 1990 (47) ELT 161 SC,*

9) In the interest of natural justice, an opportunity of personal hearing was granted to Noticee on September 24, 2024 vide hearing notice dated September 10, 2024. The said hearing notice was sent to Noticee through SPAD and digitally signed email dated September 10, 2024 and was duly served upon Noticee. The Authorised Representative (ARs), of the Noticee appeared personally for the hearing scheduled on September 24, 2024 and made submissions on the lines of written reply dated September 09, 2024. Noticee sought time till September 30, 2024 for making following additional submissions-

a) Details of amount that were upstreamed to the Clearing Corporation.
b) A copy of email sent to the clients for updating their bank account details of 50% sample clients.
c) Complete copy of Annexure N of reply of the Noticee.

d) Documentary evidence of any permission/intimation to the exchange regarding considering the balances of the clients at a cut-off time of 04:30 PM.

10) Vide letter dated September 30, 2024 Noticee made the following additional submission-

a) Noticee submitted that it did not retain the unsettled/ unclaimed amounts and these were upstreamed to the Clearing Corporation in terms of the SEBI Circular dated June 08, 2023 r/w the FAQs issued vide BSE Notice dated August 12, 2023.

b) A total amount of Rs. 1,98,40,76,476 was upstreamed to the Clearing Corporation on October 09, 2023 for the CM Segment which included the unsettled amounts of Rs. 2,08,66,027.88 for the 100 clients.

c) As on date, 93 clients have provided the correct bank details and their accounts have been settled.

d) Noticee provided the retention statements issued to 50 clients post the settlement of their accounts.

e) Noticee provided the communication logs for the emails/ SMS sent to the clients who have not provided the correct bank details clients in the month of August, 2024.

f) Noticee submitted that it had mentioned 'Yes' in the column 'Unclaimed_Unsettled_Client_Funds' in the CCE Submission for November 30, 2023 for the clients mentioned in SEBI's Document. Noticee submitted the Extract of the CCE Submission for November 30, 2023 containing the details submitted in respect of all the clients mentioned in SEBI's Document.

g) With regard to difference in amount of unclaimed unsettled client fund as per the CCE submission and the amount lying in the designated separate Bank Account for Inactive Clients, Noticee submitted that it had informed the exchange about the policy followed by it for shifting the unclaimed unsettled funds to the Unclaimed Unsettled Funds Account and for reporting the amount of unclaimed unsettled client fund reported in the CCE submission. The exchange has not objected to the policy followed by the Noticee. Further, pursuant to discussions with the exchange, for operational efficiency, the Noticee had deposited an additional Rs. 25 Lakhs in the said bank account.

h) Noticee further submitted that there was no specific cut-off time prescribed for transferring unclaimed unsettled funds to the Unclaimed Unsettled Funds Account. The Noticee had taken 4:30 p.m. as a reasonable cut-off time post trading hours to determine the amount of unclaimed unsettled funds to be transferred to the Unclaimed Unsettled Funds Account. This policy was adopted as per the market practice to ensure smooth operations and to conclude end of day processes. There was no mala fide intention behind adopting this policy. It is to be noted that subsequently, the Clearing Corporation in consultation with the Brokers's Industry Standards Forum has determined 5:00 p.m. as the cut-off time for upstreaming of the clear credit balances of the clients to the Clearing Corporation in terms of paragraph 9 of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023. It is submitted that to complete the upstreaming process by 5:00 p.m., the data of unclaimed unsettled funds at 4:30 p.m. is considered. It is humbly submitted that the cut-off time of 4:30 p.m. taken for considering the unclaimed unsettled to be transferred to the Unclaimed Unsettled Funds Account was as per the market practice and has later been validated by SEBI.

i) With regard to Incorrect debit and credit balance under the Risk Based Supervision ("RBS") Submission, Noticee submitted that The requirement of reporting clear balance was not explicitly mentioned in the circular applicable for submission of RBS for the period ending March 31, 2023. The circular required reporting of "Total debit balance of all clients as last day of assessment period (in Rs.)" and "Total credit balance of all clients as last day of assessment period (in Rs.)".

j) Subsequently it was clarified by NSE during their Compliance Workshop wherein NSE informed that 'clear balances' are to be considered for RBS submission from September 2023 onwards;

k) Further, the requirement to report "clear Debit Balances of all clients across MTF/Non-MTF balances as obtained from trial balance across segments and across exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger if any)" and "clear Credit Balances of all clients across MTF/Non-MTF balances as obtained from trial balance across segments and across exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger if any)" in the

RBS Submission was explicitly mentioned for the first time in the exchange circular for the period ending April 01, 2023 – March 31, 2024.

l) In view of the above, Noticee submitted that it has reported the correct amounts that were required to be reported in RBS Submission.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

11) The facts and circumstances of the case, submissions of the Noticee and the material available on record have been taken into consideration. The issues that arise for consideration in the present case are:

ISSUE I: Whether Noticee has violated the following provisions of securities law?

a) **Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.**

b) **Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.**

c) **Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.**

d) **Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.**

e) **Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.**

BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

ISSUE II- Does the violation, if any, attract monetary penalty under Section 15HB of the SEBI Act, 1992 for Noticee?

ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

12) Before proceeding further, it will be appropriate to refer to the relevant provisions.

SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016

https://www.sebi.gov.in/legal/circulars/sep-2016/enhanced-supervision-of-stock-brokers-and-depository-participants_33334.html

SEBI Master Circular SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2023/71 dated May 17, 2023

https://www.sebi.gov.in/legal/master-circulars/may-2023/master-circular-for-stock-brokers_71265.html

BSE Notice No. 20221228-55 dated December 28, 2022

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20221228-55

Clause A(5) of Schedule II of SEBI (Stock Brokers) Regulations 1992–

"Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him."

Regulation 9 of SEBI (Stock Brokers) Regulations 1992–

Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-
(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and

SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022

https://www.sebi.gov.in/legal/circulars/jul-2022/settlement-of-running-account-of-client-s-funds-lying-with-trading-member-tm-_61222.html

BSE Notice No. 20220107-50 dated January 07, 2022

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20220107-50

BSE Notice No 20180214-31 dated February 14, 2018

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20180214-31

FINDINGS

13) On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, findings are recorded hereunder:

ISSUE I: Whether Noticee has violated the following provisions of securities law?

a) Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

14) During inspection, from the settlement of running account as submitted by Noticee for the settlement date of October 6, 2023, it is observed that the Noticee has not submitted UCC wise settlement details for 110 Clients out of 200 sample clients. Therefore, it is alleged that Noticee violated Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

15) Noticee submitted that in terms of the FAQs (Question 11) issued vide BSE Notice No. 20220923-62 dated September 23, 2022, no settlement is required in case of new clients on the first settlement date after the registration of client. 10 clients opened their accounts during the month of September 2023, therefore, the client's account was not required to be settled on October 06, 2023 in terms of the aforesaid Circular, and was settled in the next applicable settlement cycle. In case of the remaining 100 clients, it had attempted to settle the running accounts as on October 06, 2023. However, since the bank account details of the said clients were incorrect, payouts could not be made to the said accounts. The reporting requirement arises only post settlement, and since settlement of accounts of the 110 clients could not be done as on October 06, 2023, UCC wise details of the said clients were not reported.

16) As per Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023 Stock Exchanges shall frame monitoring criteria in case stock broker shares incomplete/wrong data or fails to submit data on time. As per BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 members shall report the summary of settlement of clients' funds to the exchange within 2 trading days post settlement date and UCC wise settlement details to the Exchange within 2 trading days post settlement date. A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Stock Exchange from time to time.

17) During inspection from the settlement of running account as submitted by Noticee for the settlement date of October 6, 2023, it is observed that Noticee has not submitted UCC wise settlement details for the following 110 Client codes-

W30182	W532131	34228	W655839	60778	W170751
1450972	1733696	199582	W532274	1366995	211858
1254318	W176875	150581	W530198	W770859	230860
W660816	163882	W651273	1706760	W441025	W741754
71945	W793173	3671801	2521124	W87363	W550902
8139	54566	3670103	1645339	107702	W755003
151181	2676507	W84533	12198	3660671	3672539
121840	3673635	W105465	W194338	W89699	215052
226999	57691	W89910	W446646	W213087	123190
1312840	170594	W198164	W422345	W833004	66565

1665362	180088	W32619	W632364	1540505
WW2111	42126	3670614	127048	4494
60192	1548577	166631	3657928	W769454
1455424	W373500	224692	26982	1313933
140765	1461985	1346561	1292766	W289601
67897	W166434	W357134	1679660	1268813
74551	W40928	163983	84623	238226
3674151	1266420	W40354	3665683	1542705
133692	W543336	W372360	1673815	193613
18120	251071	W224157	1527662	1552787

18) It is noted that Question 11 of FAQs issued vide BSE Notice No. 20220923-62 dated September 23, 2022 provides that no settlement is required in case of new clients on the first settlement date after the registration of client. From the submission of the Noticee, it is noted that the accounts of 10 clients out of 110 clients were opened during the month of September 2023, therefore, no settlement was required on the first settlement date after the registration of client i.e. on October 06, 2023 and these 10 accounts were subsequently settled in the next quarter by Noticee on January 05, 2024.

19) It is noted from the material available that for 100 clients Noticee did not settle the client accounts due to the improper client bank account details. Further, it is noted that Noticee has sent notifications/Emails to the clients requesting them to update the correct bank account details. It is noted that out of 100 clients, 93 clients clients have subsequently provided correct bank account details, and their accounts have been settled thereafter by the Noticee. Further, it is noted that Noticee upstreamed amount of Rs. 1,98,40,76,476 to the Clearing Corporation on October 09, 2023 for the CM Segment which included the unsettled amounts of Rs. 2,08,66,027.88 for the 100 clients. Therefore, it is noted that the Noticee has taken the necessary measures and attempted the funds pay-out for the 100 clients.

20) In view of the above discussion, it is observed that accounts of 10 clients were settled by Noticee on time in compliance with BSE circular and the accounts 100 clients could not be settled because of incorrect bank account details and the follow up has been made by the Noticee to settle this account as early as possible. The reporting requirement arises only post settlement, and since settlement of accounts of the 110 clients could not be done as on October 06, 2023, UCC wise details of the said clients were not reported by the Noticee.

21) Therefore, violation of Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. and BSE Exchange Notice No. 20221228-55 dated December 28, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 does not stand established against the Noticee.

b) Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.

22) It is observed from the settlement of running account as submitted by Noticee for the settlement date of October 6, 2023 that there was a delay in quarterly settlement for 110 clients amounting to Rs. 2,16,94,258.04. Therefore, it is alleged that Noticee violated Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.

23) Noticee submitted that the accounts of the 10 clients were not required to be settled in the October - December, 2023 settlement cycle, and were required to be settled from the January - March, 2024 settlement cycle onwards, in terms of the September 22 BSE Circular. In respect of the remaining 100 clients, Noticee had attempted to settle the accounts of such clients, the same was not successful on account of incorrect/ incomplete bank account details provided by the clients.

24) As per Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023 the settlement of running account of funds of the client shall be done by the member after considering the End of the day (EOD) obligation of funds as on the date of settlement across all the Exchanges on first Friday of the Quarter.

25) As observed above at paragraph 20 that accounts of 10 clients were settled by Noticee on time in compliance with BSE circular and the accounts 100 clients could not be settled because of incorrect bank account details and the follow up has been made by the Noticee to settle this account as early as possible. As a result, most of the clients' accounts are settled later on by the Noticee, except of those clients who has not updated their bank account details.

Therefore, it is observed that Noticee is not in violation of Clause 4.1 and 4.2 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023.

c) Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

26) From the Cash & Cash Equivalent submission by Noticee, it is observed that in case of inactive clients, Noticee has mentioned remark as "No" in Column "Unclaimed_Unsettled_Client_Funds". However, during inspection it is observed that Noticee has tried to transfer funds to such inactive accounts but same could not be credited due to any of the reason such as Account was closed, Wrong IFSC Code, Account Blocked, Etc. Thus, Noticee should have mentioned remark as "YES" in column "Unclaimed_Unsettled_Client_Funds". Therefore, it is alleged that Noticee violated Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

27) Noticee submitted that it had mentioned 'Yes' in the column 'Unclaimed_Unsettled_Client_Funds' in the CCE Submission for November 30, 2023 for the clients mentioned in the SEBI's Document.

28) Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 provides that in case a member is unable to settle the client account due to non-availability of client's bank accounts then member shall write Yes, else No. A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Stock Exchange from time to time.

29) From the Cash & Cash Equivalent submission made by the Noticee during inspection, it is observed that Noticee has tried to transfer funds to 531 inactive accounts but same could not be credited due to the reason such as Account was closed, Wrong IFSC Code, Account Blocked, Etc. As per Annexure A of BSE Exchange Notice no: 20220107-50 dated January 07, 2022 Noticee should have mentioned remark as "YES" in column

"Unclaimed_Unsettled_Client_Funds, however, Noticee has mentioned remark as "No" in Column "Unclaimed_Unsettled_Client_Funds.

30) However, it is noted from the reply of the Noticee to the SCN and the documentary submission, that they had mentioned "Yes" in the column 'Unclaimed_Unsettled_Client_Funds' in the CCE Submission for November 30, 2023 for 531 inactive accounts in terms of Annexure A of BSE Exchange Notice No. 20220107-50 dated January 07, 2022. The contention of the Noticee is acceptable.

d) Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

31) It is observed from the Cash & Cash Equivalent submission by the Noticee, that the amount lying in unclaimed unsettled client fund amounted to Rs. 26,72,40,463.66 whereas the amount lying in designated separate Bank Account for Inactive clients on June 30th, 2023, was Rs. 26,98,34,453.53 i.e. difference amounting to Rs. 25,93,989.87. Therefore, it is alleged that the Noticee has violated Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

32) Notice submitted that at the relevant point in time, the Noticee shifted the unclaimed unsettled funds to a separate bank account for unclaimed unsettled funds ("Unclaimed Unsettled Funds Account") by taking into consideration the balances of the clients at a cut-off time of 4:30 pm. However, the reporting of the amount of unclaimed unsettled client fund in the CCE submission was done basis the balance available at the end of the day. Accordingly, there is a difference in the amount deposited/ transferred in the bank account and the amount that was reported.

33) Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-

1/P/CIR/2023/71 dated May 17, 2023 provides that Stock Exchanges shall frame monitoring criteria in case stock broker shares incomplete/wrong data or fails to submit data on time. BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 provides penalty for material wrong submission or incorrect submission of data towards enhanced supervision- Monitoring of client funds & upload of client funds & security balances.

34) It is noted from the Cash & Cash Equivalent submission by the Noticee, that the amount lying in unclaimed unsettled client fund amounted to Rs. 26,72,40,463.66 whereas the amount lying in designated separate Bank Account for Inactive clients on June 30th, 2023, was Rs. 26,98,34,453.53 i.e. difference amounting to Rs. 25,93,989.87. Further Noticee admitted that there was a difference in amount deposited/ transferred in the bank account and the amount that was reported. However, the aforesaid difference was due to the Noticee shifted the unclaimed unsettled funds to a separate bank account for unclaimed unsettled funds by taking into consideration the balances of the clients at a cut-off time of 4:30 pm, while the amount of unclaimed unsettled client fund reported in the CCE submission was done basis the balance available at the end of the day.

35) It is observed from the submission of Noticee that they have taken cut off time as 04:30 PM for the unclaimed account. The Noticee at its own discretion decides on the cut off time of 04:30 PM whereas it should have followed the uniform time, so that the correct balance should have been reported. Thus wrong balance was reported by the Noticee. Noticee was asked whether they had intimated to exchange about their procedure followed for taking 04:30 PM as cut off time. While Noticee during hearing verbally submitted that the intimation was given to the exchange however no documentary evidence was submitted in this regard. Hence the submission made by the Noticee is not tenable.

36) Therefore, it is observed that Noticee has violated Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

e) **Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.**

37) During inspection, it is observed that the Noticee has not reported the correct debit and credit balance under the Risk based supervision submission for period 31st March 2023. Therefore, it was alleged that Noticee violated Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No:20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

38) Noticee submitted that they had reported the correct credit and debit balance in the RBS Submission and the requirement of reporting clear balance was not explicitly mentioned in any of the circular applicable for submission of RBS.

39) Clause 6.1.1(e) and 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023 provides that Stock Exchanges shall frame monitoring criteria in case stock broker shares incomplete/wrong data or fails to submit data on time or failed to submit data for the half yearly Risk Based Supervision within the time specified by Stock Exchange. BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 provides penalty for failure to submit data for the half yearly Risk Based Supervision within the time specified by Stock Exchange. A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Stock Exchange from time to time.

40) It is noted that the Noticee has reported the following debit and credit balance under the Risk based supervision submission for period 31st March 2023 and the exchange calculation are as follows-

Particulars	RBS Submission	Exchange calculation	Difference
Total debit balances of all clients as last day of assessment period	12,69,84,21,750	13,26,18,66,738.22	56,34,44,988.21
Total credit balances of all clients as on last day of the Assessment period	16,09,14,36,530	16,35,01,99,723.92	25,87,63,193.92

41) From the above table, it is observed that the Noticee has reported in its RBS submission the total debit balances of all clients as last day of assessment period as 12,69,84,21,750 and the calculation of the exchange was 13,26,18,66,738.22, so therefore, there was a difference of 56,34,44,988.21 in the calculation of the Noticee and the exchange for debit balance clients. Similarly, for total credit balances of all clients as on last day of the Assessment period, in its RBS submission Noticee reported the number of 16,09,14,36,530 and the exchange calculation was 16,35,01,99,723.92, therefore, there was a difference of 25,87,63,193.92.

42) Noticee submitted that they had reported the correct debit and credit balance in the RBS submission and the clear debit and credit balance was not reported as the requirement of reporting clear balance was not explicitly mentioned in any of the circular.

43) It is noted that BSE Notice No. 20230412-15 dated April 12, 2023 and NSE circular no. NSE/INSP/56305 dated April 10, 2023 titled 'Risk Based Supervision (RBS) - Submission of information for the period April 01, 2022 – March 31, 2023' stated that the in RBS Submission 'Total debit balance of all clients as last day of assessment period (in Rs.)' and the 'Total credit balance of all clients as last day of assessment period (in Rs.), to be submitted. However, the aforesaid circulars did not specify the requirement of reporting

‘clear debit or credit balances’ and the same was specified by NSE vide circular dated April 12, 2024 wherein it is mentioned that aggregate value of clear debit/credit balances of all clients across MTF/Non-MTF balances as obtained from trial balance across segments and across exchanges to be reported. In view of the above, benefit of doubt may be given to the Noticee.

44) To summarize, Noticee is in violation of following provision –

a) Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 read with SEBI Master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023. And BSE Exchange Notice No: 20180214-31 dated February 14, 2018 read with Clause A(5) of Schedule II (Code of Conduct for Stock Brokers) read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992.

ISSUE II: Does the violation, if any, on part of the Noticees attract penalty under Section 15HB of SEBI Act?

45) In view of the violation as established, the undersigned would refer to Judgment of the Hon’ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361}, in which Hon’ble Supreme Court has 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 and hence the intention of the parties committing such violation becomes wholly irrelevant...............”

46) Thus, the undersigned is of the view that it is a fit case for penalty under section 15HB of the SEBI Act, which reads as given below:

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.*

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

47) While determining the quantum of penalty under sections 15HB of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

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."

48) 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. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. Further, as per the available records, it is observed that Noticee has not been penalised earlier for the aforesaid violation. Thus, violation is not repetitive in nature. However, as a SEBI registered intermediary, Noticee was under statutory obligation to comply with the applicable circulars, rules and regulations. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, such non-compliance deserves and attracts suitable penalty.

ORDER

49) Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995,

the undersigned hereby impose following penalty under section 15HB of the SEBI Act, 1992 on the Noticee:

Noticee No.	**Name of entity**	**Penalty Provisions**	**Penalty (Rs.)**
1	Sharekhan Limited	Section 15HB of SEBI Act, 1992	₹ 2,00,000/- (Rupees Two Lakh Only)

50) The undersigned is of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

51) 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. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

52) 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.

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

Place: Mumbai **BARNALI MUKHERJEE**

Date: October 18, 2024 **ADJUDICATING OFFICER**