BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/SM/SM/2025-26/32144

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
ANS Pvt. Ltd.
(PAN: AACCA4841J / SEBI Registration Number: INZ000196431)

In the matter of ANS Pvt. Ltd

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') conducted thematic onsite inspection of Bhavesh Natvarlal Sheth, an Authorized Person (AP) of Stock Broker ANS Pvt. Ltd. (hereinafter also referred to as 'Noticee' / 'Broker/ 'You') on the theme viz., APs having no clients but huge turnover and pay-in/pay out. The findings of the inspection were communicated to the stock broker vide letter dated March 26, 2024. The stock broker submitted its reply to the inspection observations vide its email dated April 01, 2024. Thereafter SEBI carried out Post Inspection Analysis (PIA).

2. Pursuant to the inspection, SEBI had initiated Adjudication Proceedings under Section 15 I of the SEBI Act, 1992 (hereinafter also referred to as 'SEBI Act') in respect of ANS Pvt. Ltd in the subject matter for the alleged violations of NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017 and NSE/MSD/56778 dated May 22, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992 and NSE Circular no.

NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017, NSE/MSD/56778 dated May 22, 2023 and Clause 9(vii) of NSE Circular No. NSE/COMP/ 56947 dated June 02, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 19 read with Section 15 I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as "***SEBI Rules***"), the Competent Authority appointed Shri. Amar Navlani, General Manager, SEBI as the Adjudicating Officer ('erstwhile AO') vide order dated October 01, 2024 to inquire into and adjudicate under Section 15HB of the SEBI Act, 1992 for the aforesaid alleged violations by the Noticee. Pursuant to the transfer of erstwhile AO, vide order dated September 11, 2025, the undersigned was appointed as the AO in the matter.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice No. SEBI/EAD5/P/OW/2024/33964/1 dated October 29, 2024 (hereinafter also referred to as 'SCN' / 'SCN dated October 29, 2024 in short) was issued to Noticee by erstwhile AO in terms of Section 15-I of the SEBI Act, 1992, Rule 4 of SEBI Adjudication Rules, 1995 to show cause as to why an inquiry should not be held against it and why penalty be not imposed under Section 15HB of SEBI Act, 1992 for the aforesaid alleged

violations. The SCN was duly served upon the Noticee through Digitally Signed Email dated October 29, 2024 and Speed Post Acknowledgment Due (SPAD).

5. In this regard, following was inter alia observed and alleged in respect of the Noticee:

"…

4.1 Non-availability of terminals at the specified locations, operation of trading terminals from unauthorized location:

- ***5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066) mapped to the AP were not found at the reported location on 25.01.2024.***
- ***Out of the 5 terminals above, 2 terminals (viz. CTCL terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/ unapproved location on 25.01.2024.***

a. On verification of terminals present at the location during physical inspection at AP's location and details reported by TM to the Exchange, it was observed that there was mismatch in terminals details as per the records of exchange and as physically verified at APs location (415 Star Chambers 4th Floor Harihar Chowk Rajkot).

b. Also, the user details as reported to the exchange was different from what is observed during physical verification during inspection.

4.1.1 In this regard, Noticee in its reply to the findings of inspection responded the following:

"i. We would like to mention here that there is no mis-match in CTCL details which we have reported to the Exchanges and available at physical location inspected at Office Number 402/403 Star Chamber, harihar Chowk, Rajkot – 360001 at the time of inspection as on January 25, 2024. In Inspection finding letter there is typographic error as number mentioned as Office no. 415, Star Chamber, 4th Floor, Harihar Chowk, Rajkot – 360001. Further as per the Annexure 2 provided by you, find here herewith our submission towards the same for CTCL Terminals: -

1. *360001121061 – Pinak Kamlesh Sanghvi was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection.*
2. *360001121012 – Deepak Arunbhai Raithatha – Said CTCL details has been matched with your CTCL list*
3. *360001109042 – Urviben Dineshbhai Somaiya – We hereby inform you that said user was shifted to Head office Arham Financial Centre, Harihar Chowk, Rajkot – 360001 which was modify on 24/01/2024. Attached herewith request status report downloaded from Exchange Portal. Therefore, there is no mis-match.*
4. *360001109041 – Chiragsinh G Rathod – We hereby inform you that said user was shifted to Head office Arham Financial Centre, Harihar Chowk, Rajkot – 360001 which was modify on 24/01/2024. Attached herewith request status report downloaded from Exchange Portal. Therefore there is no mis-match.*
5. *360001109121 – Rima Kaushalbhai Dholakiya was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection*
6. *360001109122 –Yasmin Ayubhai Bloch was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection*
7. *360001121062 – Neelam Hariom Chanchal was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection*
8. *360001121065 – Rashminbhai Haridasbhai Bakori – Said CTCL details has been matched with your CTCL list*
9. *360001121063 – Bhumika Bhaveshbhai Babariya was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection*

10. 360001121064 – *Jankiben Piyushbhai Buddhadev was available in the morning but due to personal reason she left from the office, which we have explained to the inspection official at the time of inspection. You may refer trade time for cross verification.*

Further to note that as per the Annexure – 3 list of terminal found at the location of AP office are duly registered in NSE and BSE which we have already submitted you over email dated February 01, 2024 i.e. before two months and details was uploaded on the Exchanges Portal. We are attaching herewith list of terminal with activation dates for your record and reference. Therefore, there is no mismatch in CTCL.

We are enclosing herewith following as supporting of our reply:
- *Trade file dated January 25, 2024 – Annexure IV*
- *List of terminal registered as on January 25, 2024 – Annexure V and Copy of email which we have sent on February 01, 2024 as Annexure VA*
- *Modification files from ENIT Portal for shifting of BOW id to main office on January 24, 2024. – Annexure VI"*

4.1.2 *In this regard, SEBI observed that the stock broker in its reply inter-alia informed that there was no mismatch in terminal details and shared the terminal details as reported by them to the exchanges at the location of Inspection as on January 25, 2024 at Annexure V to their reply. In respect of 12 CTCL terminals mapped to the AP as on January 25, 2024 as per data obtained from NSE, details at Annexure P, it was inter alia observed as under:*

4.1.2.1 *In respect of 10 terminals not found at the location, the stock broker in their reply clarified that 5 terminal users were on leave and hence, were not found at the time of inspection. However, the stock broker failed to provide any comments in respect of the remaining 5 terminals. Hence, the violation 'terminals not found at the reported location' persists in respect of these remaining 5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066)*

4.1.2.2 *Further, based on the trade data obtained from NSE, trades were executed on the date of inspection from these 2 terminals (viz. CTCL terminal IDs 360001121003 and 360001121008) which were not found at the location during inspection.*

4.1.3 *In view of the above, SEBI concluded:*

4.1.3.1 *5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066) mapped to the AP were not found at the reported location on 25.01.2024.*

4.1.3.2 *2 terminals (viz. CTCL terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/ unapproved location on 25.01.2024.*

In view thereof, it is alleged that Noticee has violated NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017 and NSE/MSD/56778 dated May 22, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

4.2 Operation of trading terminals by unapproved/ unauthorized users:

Operation of trading terminals (viz. CTCL terminal ids 360001121011 & 360001121065) by unapproved/ unauthorized users.

4.2.1 *NSE circular No. NSE/MEM/3574 dated August 29, 2002 inter-alia states as follows:-*

"…Trading Members shall not entrust the CTCL terminals to their clients or to any unregistered intermediary (refer points 1 and 5 of Circular 163) other than Approved Persons. Approved Person may be an employee of the Trading Member, a registered sub-broker, an Approved User or an Authorised Person who has been approved by the Exchange."

4.2.2 *In this regard SEBI observed during the physical inspection at the AP's location (415, Star Chambers Harihar Chowk Rajkot) that there were nine terminals at the said location. The terminal details and its users as observed at the location during the inspection, duly acknowledged by AP. It was observed that the terminal usage in respect of said terminals were different from what is recorded in the exchange records (as mentioned in Annexure 2 of IR). Though AP had claimed that the users of said*

9 terminals were its employees, no proof in support of the same could be submitted during the inspection. Thus, it was also observed that terminals were given to unauthorized users.

4.2.3 In addition, it was observed from the bank statements of AP (A/c No.310327110000423 with Bank of India) AP had given payment to certain entities who were found to be using the terminals during the inspection. The details of such entities and payment given to them are given below:-

Name	Payment date	Amount (Rs.)	Purpose (as per reply given by AP)
Himanshu Babariya	18/03/23	50,400	Jobbing/Arbitrage/ Market Strategy/ Professional Services Charges
Ahish Gorvadi	18/03/23	1,49,306	

4.2.4 Apart from the above, from the bank statements and response provided by TM/AP, it was observed that same narration (purpose) was indicated in respect of 8 other entities.

4.2.5 Therefore, AP had certain arrangement with said entities and terminals were given to them. It was observed that the terminals were allotted to entities who claimed to be employees, which is not in compliance with exchange circulars mentioned above.

4.2.6 With regard to the NISM Certification by the entities who were allotted the terminals, TM Vide e-mail dated 01/02/2024, had submitted copies of NISM certificates pertaining to certain entities. On perusal of the same, it was observed that below mentioned two users were not having NISM certification:

Mr. Rashminbhai Haridasbhai Bakori (AKIPB2689J)

Mr. Rijvan Hameedbhai Bloch (ATQPB6607D)

TM has further mentioned in the above e-mail that they had 'No terminal in FNO'

4.2.7 However, on perusal of terminal details allotted to the entities (picture of the terminals allotted to the said two entities are placed Anneuxre 6 and 7), it was observed that the said two terminals were FNO enabled terminals. Hence, the said entities were using the terminals without having necessary NISM Certification.

4.2.8 Noticee in its comments to the findings of Inspection responded that "We would like to submit here that we have issued terminal to Employee of registered AP (Sheth Brother – Proprietor Mr. Bhavesh N Sheth) at the registered location according to the BSE circular Number 20230525-24 dated May 25, 2023

"it is reiterated that all trading terminals allotted by members, which enabled/activated for trading shall be operated/accessed only through User Id allotted to Approved user namely Employee, dealer, Remiser and registered authorized Person (AP) or employee of an AP."

Therefore, we have issued terminal to employee of registered AP as per the above guidelines of the Exchanges and SEBI. We are stringent to follow rules and regulations of SEBI."

"In reference to the point number (b), we would like to submit here that our AP has appointed employees for arbitrage/jobbing, therefore AP is providing them Salary or professional charges or incentive for the services. We are enclosing herewith professional bill for arbitrage service of Ashish Gorvadiya and Himanshu Gorvadiya (instead of Himanshu Babariya quoted by you) for your reference as Annexure – VIIA and VIIB"

4.2.9 In this regard, SEBI observed that NSE, vide Circular no. NSE/MSD/56778 dated May 22, 2023, reiterated to its members that trading terminals allotted by members shall be operated / accessed only through User Ids allotted to Approved Persons namely employees of trading member, partner / proprietor / director(s), registered authorized persons (AP) or employee of an AP. The stock broker in reply has stated that the terminals have been issued to employees of AP and submitted invoices for professional services for 2 people who are not the reported users of terminals mapped to the AP Bhavesh Sheth. Hence, the stock broker failed to provide any proof of employment (viz. Salary slips, Form-16, Appointment Letter etc) of the 2 Terminal users of the CTCL terminals ids 360001121011 & 360001121065 which are mapped to AP Bhavesh Natwarlal Sheth and found during inspection.

In view thereof, it is alleged that Noticee has violated NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017, NSE/MSD/56778 dated May 22, 2023 and Clause 9(vii) of NSE Circular No. NSE/COMP/ 56947 dated June 02, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

…"

6. Having regard to the principles of natural justice, vide Hearing Notice dated November 27, 2024, an opportunity of personal hearing was provided to the Noticee by erstwhile AO on December 05, 2024. Vide email dated November 29, 2024, Noticee sought Inspection of the documents in the matter. Vide email dated December 06, 2024, Noticee was provided an opportunity of Inspection of documents on December 10, 2024. On the scheduled date of Inspection, Authorised Representative of Noticee appeared for the Inspection of documents. Noticee was provided legible copy of Annexure 6 and 7 of IR to the Noticee. Further, vide email dated November 20, 2024, Noticee was provided remaining documents as requested by Noticee.

7. Having regard to the principles of natural justice, vide email dated December 23, 2024, an opportunity of personal hearing was provided to the Noticee on January 02, 2025. Noticee submitted their reply to the SCN vide letter dated December 31, 2024.

   Key submissions of the Noticee's reply dated December 31, 2024 to the SCN are as under:

   "…

   1. *This is in reference SEBI's Show Cause Notice dated 29.10.2024 in the matter of inspection of ANS Pvt. Ltd. ("**ANS**"). The SCN is issued to us pursuant to thematic onsite inspection conducted by SEBI and Exchange (BSE Ltd.) for the period of March to August 2023 on the theme APs having no clients but huge turnover and pay-in/pay out. (Ref. Para No. 3 on Page No. 2 of the SCN r /w Annexure - A of the SCN, Page No. 4, Para No. 2, Point No. 4).*

   2. *As per the terms of reference of Inspection, APs were shortlisted based on certain theme as mentioned under Para No. 2, Point No. 5 on Page No. 4 of Annexure - A of the SCN {Inspection Report}. Further, as per the Inspection Report, the AP - Bhavesh N Sheth ("**Bhavesh**") (Proprietor of Sheth Brothers) was shortlisted for Inspection by MIRSD, SEBI based on the preliminary analysis of data provided by the Exchanges. The said AP was having huge turnover and pay-in pay-out in hundreds of crores. (Ref. Para No. 4.1 on Page No. 4 of Annexure - A of the SCN {Inspection Report}).*

   3. *In the said SCN, the following adverse observations are alleged against us:*
      - *(i) It is alleged that 5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066) mapped to the AP were not found at the reported location on 25.01.2024. Further, it is also alleged that 2 terminals (viz CTCL terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/unapproved location on 25.01.2024. (Ref. Para No. 4.1.3 on Page No. 6 of the SCN)*
      - *(ii) It is observed that terminals were given to unauthorized users. (Ref. Para No. 4.2.2 on Page No. 7 of the SCN). The Terminals were allotted to entities who claimed to be employees, however no proof in respect of the employment was provided. (Ref. Para No. 4.2.5 r/w Para No. 4.2.9 on 2 Page No. 8 and 9 of the SCN). Further, two entities were using the terminals without having NISM certification. (Ref. Para No. 4.2.7 on Page No. 8 of the SCN).*

   4. *For the aforesaid adverse observations, it is alleged that we have violated the following:*

(i) NSE Circular dated 29.08.2002 bearing reference no. NSE/ MEMB/3574, NSE Circular dated 25.09.2002, bearing reference No. NSE/MEMB/3635, NSE Circular dated 13.04.2017 bearing reference No. NSE/MSD/34638 and NSE Circular dated 22.05.2023 bearing reference No. NSE/ MSD / 56778 r /w Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 r /w Regulations 26(xix) under Chapter VI of SEBI (Stock Broker) Regulations 1992. (Ref. Unnumbered Para under Point No. 4.1.3 on Page No. 6 of the SCN). (ii) NSE Circular dated 29.08.2002 bearing reference no. NSE/MEMB/3574, NSE Circular dated 25.09.2002, bearing reference No. NSE/MEMB/3635, NSE Circular dated 13.04.2017 bearing reference No. NSE/MSD / 34638 and NSE Circular dated 22.05.2023 bearing reference No. NSE/MSD/56778 and Clause 9(vii) of NSE Circular dated 02.06.2023 bearing reference No. NSE/COMP/56947 r/w Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Broker) Regulations 1992 r /w Regulations 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992. (Ref. 3 unnumbered Para under Point No. 4.2.9 on Page No. 9 and 10 of the SCN)

5. At the outset and without prejudice to anything stated hereinafter, we deny all the allegations and findings made against us in the said SCN except to the extent specifically admitted by us. Nothing contained in the said SCN may be deemed to be admitted by us by reason of non-traverse or otherwise, save and except what is expressly admitted herein. We deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein below.

6. The present matter pertains to the thematic onsite inspection conducted by SEBI and BSE for the Inspection Period. It is humbly submitted that we are a SEBI registered Broker bearing SEBI Registration Number INZ000196431. It is humbly submitted that we have always followed and worked in compliance with the Rules, Regulations, guidelines and framework as applicable to us from time to time. Further, we humbly submit that in respect of the alleged deficiencies, if any as mentioned in the SCN, corrective and remedial steps have been taken post Inspection.
The Thematic onsite inspection was done of our Authorized Person viz. Bhavesh N Sheth. (Proprietor of Sheth Brothers) and the allegations and observations are made in respect to the same. For the sake of clarity, it is humbly submitted that the Bhavesh N Sheth (Our AP) is the Proprietor of Sheth Brothers.

7. <u>Brief Profile of our Company</u>

ANS Private Limited (formerly known as Ajay Natavarlal Securities Private Limited) is a prominent stock broking company which was incorporated in February 1999, by Sheth Family. We are the flagship entity of the ANS group who is one of the veteran capital market intermediaries in the financial sector engaged in the business of Stock and Commodities broking, arbitrage trading, depository participant services and distribution of financial products. We are SEBI registered Brokers having membership of NSE, BSE, MCX, NCDEX and CDSL. Our Point of connectivity mainly spread in Gujarat & Maharashtra through various AP/ Sub-brokers having more than 500 terminals. In fact, as on 31.03.2024, we had around 120 APs associated with us.

***<u>Our reply to the allegations as alleged against us in the said SCN is as under</u>**: -*

8. Submission on the allegation of Non - availability of terminals at the specified location, operation of trading terminals from unauthorized location:

It is alleged that 5 terminals (CTCL terminal IDs 360001121003, 360001121018, 360001121006, 360001121008 and 360001011066) that are mapped to AP were not found at the reported location on 25.01.2024.

Further, it is also alleged that out of the 5 terminals mentioned herein above, 2 terminals (viz. CTCL Terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/unapproved location on 25.01.2024.

In regard to the said allegation, we submit as under:

(i) At the initial outset, the details of the dealer of the APs in respect of the said 5 CTCL terminals are mentioned below:

Sr. No.	*Terminal Number*	*Name of dealer of AP operating the said terminal*
1	*360001121003*	*Jaydeep Rathod ("**Jaydeep**")*
2	*360001121018*	*Jaydeep Rathod*
3	*360001121006*	*Kinjal Kunjan Sheth ("**Kinjal**")*
4	*360001121008*	*Manish Bhatt ("**Manish**")*
5	*360001011066*	*Manish Bhatt*

(ii) At the outset, we submit that we use ODIN Front office software, wherein each Exchange/segment CTCL Terminals can be installed in one Computer and with one Login only.

(iii) In respect to the CTCL ID having number 360001121003 and 360001121018, it is submitted that Mr. Jaydeep was the dealer that operated the said terminal of NSE CM and NSE F&O Segment. It is

*reiterated that we use ODIN Front office software, wherein each Exchange/segment CTCL Terminals can be installed on one Computer and with one Login only. It is humbly submitted that Mr. Jaydeep was absent on 25.01.2024. Pertinently, he had applied for a leave of absence application on 24.01.2024 requesting for leave from 25.01.2024 to 30.01.2024. A copy of Leave Application of Mr. Jaydeep dated 24.01.2024 is enclosed hereto marked as **Annexure - "1"**. On perusal of the said leave application, it is understood that he wanted the said leave due to certain social functions at his end.*

*Furthermore, his last login in the said CTCL terminals was on 24.01.2024 and thereafter the next login was directly on 31.01.2024. In this regard, a copy of the Information Technology Certificate dated 27.12.2024 issued by Mr. Vishal Adatiya, IT manager of ANS a/w the Dealer Login details w.r.t. Jaydeep Rathod is enclosed hereto marked as **Annexure - "2"**. On perusal the IT certificate r /w the Login details, it is submitted that the Login of Mr. Jaydeep w.r.t CTCL Terminals 360001121003 and 360001121018 was on 24.01.2024 at 08:58:54 AM and the next Login was on 31.01.2024 at 12:59:57 PM. The aforesaid clearly indicates that there was no Login on 25.01.2024. Relevant extract of the certificate is mentioned herein under:*

Quote:

". . . . . The said terminal was last logged in on 24.01.2024 and next logged in on 31.01.2024. ………………"

Unquote: *-*

The aforesaid clearly proves that Mr. Jaydeep was absent from the office on the relevant day of Inspection i.e. 25.01.2024 and also there was no login in his system. Since there was no login for the said Terminal, naturally there were no trades from the said Terminal.

(iv) Further, in respect to the observation that CTCL ID 360001121003 was active and operating from unspecified/ as under:

(i) As per the data and records available with us, there was no login on the CTCL ID 360001121003 and therefore no trades were even executed in the said terminal. However, the observation is that the said CTCL ID was active and operating from unspecified/ unapproved location.

(ii) In this regard, in our Preliminary Submissions dated 29.11.2024, we had requested your kind selves to kindly provide us with the following details amongst other: -

Quote:

"Under Para No. 4.1.2.2 (Page No. 6) of the SCN, it is mentioned that based on the data obtained from NSE, trades were executed on the Date of Inspection from 2 terminals i.e. 360001121003 and 360001121008. Kindly provide the said Data obtained from NSE a/ w the details of IP address."

Unquote:

(iii) In this regard, pursuant to our Inspection on 10.12.2024 at your office, we are provided with the point wise response to our request along with certain documents by SEBI vide Email dated 20.12.2024. In respect to our aforesaid request to provide the data obtained from NSE, it is responded by SEBI that "Documents titled as "FW: Request to provide documents in the matter of ANS Pvt Ltd" is being attached in this mail."

(iv) On perusal of the said file, it is understood that there are 4 trails of emails in respect to communication of NSE with SEBI. In this regard, we understand that in the Email dated 27.08.2024, NSE responded to SEBI as under:

***Quote**:*

"1. Kindly confirm whether any trades have been executed on January 25, 2024 from the below mentioned terminals (that were mapped to the Authorised Person BHA VESH NATA VARLAL SHETH on the day of inspection as per data provided vide trail mail):

***Response**: - Yes, trades have been executed on January 25, 2024 from the CTLD Ids ~360001121003~ 360001121008~ 360001121011 & 360001121065) of Capital Market Segment as mentioned in the trail email. Further, there were no trades executed in FO segment.*

*2. Request you to also provide the relevant trade files and the trade volumes observed for the aforementioned terminals on **January 25, 2024***

***Response**: Please find attached trade details executed on the above mentioned CTCL Ids on January 25, 2024.*

Unquote:

Further, in the said Email an Excel file containing the CTCL Trades in the CM segment is attached. For ready reference a copy of the said email dated 27.08.2024 from NSE to SEBI a/w the Excel file as attached thereto w.r.t. CTCL Trades is enclosed hereto marked as ***<u>Annexure - "3".</u>***

(v) *On analysis of the said Excel file containing the CTCL Trades w.r.t. CTCL terminal No. 360001121003, it is understood that the said pertains to the different Trading Member i.e. Trading Code 08760. Pertinently, the said Trading Code does not belong to us i.e. ANS. It is humbly submitted that our trading code is 10585. A copy of the CTCL Trades in the CM segment w.r.t. CTCL terminal No. 360001121003 as extracted from the data received by SEBI from NSE is enclosed hereto marked as* ***<u>Annexure - "4".</u>***

(vi) *On analysis of the Trading Member code, it is understood that the Member Trading Code* ***08760*** *belongs to Marwadi Shares and Finance Limited. For ready reference copy of Member details of Marwadi Shares and Finance Limited and ANS Pvt. Ltd., as extracted from the NSE Website is enclosed hereto marked as* ***<u>Annexure - "5" and Annexure - "6"</u>*** *respectively.*

(vii) *Hence, the said CTCL terminal having number 360001121003 as mentioned in the NSE's response to SEBI on the basis of which allegations are derived in the SCN belongs to Marwadi Shares and Finance Limited and not us.*

(viii) *Hence, we humbly submit that the said allegation that CTCL terminal having Number 360001121003 was active and operating from unspecified/ unapproved location on 25.01.2024 is totally untenable and unsustainable.*

(v) *In respect to the CTCL ID having number 360001121006, it is submitted that Ms. Kinjal was the dealer that operated the said terminal. However, she was absent on 25.01.2024. In this regard, on enquiry with the AP, it is submitted that she was absent from 18.01.2024 to 31.01.2024 due to medical emergency. In fact, the AP was provided with a medical certificate dated 18.01.2024 issued by Dr. Yash Vyas of Physiocare Rehabilitation Hospital wherein it is inter alia mentioned that she is suffering from stiffness, inflammation and back pain and she was advised to take medical leave from 18.01.2024 to 31.01.2024. A copy of the aforesaid medical certificate dated 18.01.2024 issued by Physiocare Rehabilitation Hospital w.r.t. Kinjal Sheth is enclosed hereto marked as* ***<u>Annexure - "7"</u>****. Further, in this regard, we crave to place on record an Information Technology Certificate dated 27.12.2024 issued by Mr. Vishal Adatiya, the IT manager of ANS. Relevant extract of the said certificate is mentioned herein under:*

<u>Quote:</u>

" . . . . The said terminal was last logged in on 17.01.2024 and next logged in on 14.02.2024. . . . ."

<u>Unquote</u>*:*

A copy of the IT certificate dated 27.12.2024 issued by Mr. Vishal Adatiya, the IT manager of ANS w.r.t. Ms. Kinjal is enclosed hereto marked as ***<u>Annexure - "8"</u>****. The aforesaid clearly proves that Ms. Kinjal was absent from the office on those days including the relevant day of Inspection, i.e. 25.01.2024, and also there was no login in her system. Since there was no login for the said Terminal, naturally there were no trades from the said Terminal.*

(vi) *We further submit that with respect to CTCL terminal No. 360001121008 and 360001011066, Mr. Manish was the dealer of the AP that operated the said terminals of NSE Capital Market and NSE Derivatives segment. In this regard, we humbly submit that Mr. Manish had logged into the CTCL system on 25.01.2024 from the registered location. In support of the said contention, we crave to refer to an Information Technology Certificate dated 27 .12.2024 issued by Mr. Vishal Adatiya, the IT manager of ANS. Relevant extract of the said certificate is mentioned herein under:*

<u>Quote:</u>

"This is to certify that the computer output/ electronic record of ***ANS Private Limited of the Authorised Person M/s. Sheth Brothers, AP Registration Number NSE: AP188500521 & BSE: AP01302201156930 having Dealer LOGIN ID : 12 ARB108 and (NSE CM CTCL ID - 360001121008], NSE FNO CTCL ID - 360001011066] pertaining to date 25.01.2024*** *has been produced from computer system installed at Arham Financial Centre, Harihar Chowk, Rajkot, Gujarat and its contents are true production of the original and to the best of my knowledge and belief The said terminal was logged in from registered location and the approved person was present at the time of inspection conducted by BSE and SEBI jointly.*

<u>Unquote:</u>

On perusal of the said IT certificate, it can be seen that Mr. Manish had logged into both the terminals from registered location having IP Address 192.168.10.83 since 08.59.14 AM and after that he has *remained logged for whole day trading time. Further the approved person was present at the time of Inspection conducted by BSE and SEBI jointly. A copy of the IT certificate dated 27.12.2024 issued by Mr. Vishal Adatiya, IT manager of ANS a/w the Dealer Login details w.r.t. Manish Bhatt is enclosed hereto marked as **Annexure - "9"**. In fact, along with the IT certificate there are dealer login details also attached on perusal of which it can be stated that Mr. Manish had the username ARB108, and he logged into relevant CTCL terminals. Pertinently, it is humbly submitted that there were trades also executed in this CTCL terminal from the registered location itself.*

(vii) *Hence, in summary it is submitted that Ms. Kinjal (CTCL ID having number 360001121006 of NSE CM Segment) 13 and Mr. Jaydeep (CTCL ID having number 360001121003 of NSE CM Segment and 360001121018 of NSE FNO Segment) were absent on 25.01.2024 & also there was no login to their CTCL terminal on 25.01.2024. Since there were no login, naturally there was no trade on that particular day. We further submit that Mr. Manish that operated 2 terminals with one Login (CTCL terminal No. 360001121008 of NSE CM segment and 360001O11066 of NSE FNO Segment) and he was present at the Registered Location and logged into the terminal on 25.01.2024 from the registered location & the relevant documentary evidence in this regard have been attached herein*

(viii) *It view thereof, it is humbly submitted that the allegation of Non - availability of terminals at the specified locations, operation of trading terminals from unauthorized location is totally untenable and unsustainable.*

9. *<u>Submission on the allegation of Operation of trading terminals by unapproved/unauthorized users:</u>*

The allegation pertains to operation of trading terminals (viz. CTCL terminal Ids 360001121011 and 360001121065 by unapproved/ unauthorized users

It is alleged that terminals were given to unauthorized users. (Ref. Para No. 4.2.2 on Page No. 7 of the SCN). The Terminals were allotted to entities who claimed to be employees, however no proof in respect of the employment was provided. (Ref. Para No. 4.2.5 r/w Para No. 4.2.9 on Page No. 8 and 9 of the SCN). Further, two entities were using the terminals without having 14 NISM certification. (Ref. Para No. 4.2. 7 on Page No. 8 of the SCN).

In this regard, we humbly submit as under:

(ix) *The observation in the SCN is that terminals usage in respect of certain terminals was different than what was recorded in the Exchange Records and although AP had claimed that the users of the 9 terminals were their employees, they have not provided any proof of the same. In this regard, we humbly submit that the users of all the terminals are the employees of the AP. In fact, as per discussion held with the concerned AP, we have been provided with Appointment cum Joining Letter of Mr. Rijvan Hameedbhai Bloch ("**Rijvan**") and Mr. Rashminbhai Haridasbhai Bakori ("**Rashminbhai**") (Dealers). It is pertinent to mention that the user of CTCL ID 360001121011 and 360001121065 was Rijvan and Rashminbhai respectively. A copy of Appointment Letters of Rijvan Hameedbhai Bloch and Rashminbhai Haridasbhai Bakori is enclosed hereto marked as **Annexure - "10"** and **Annexure - "11"** respectively. Hence, it is submitted that the users of the CTCL terminals were the employees of our Registered AP i.e. Bhavesh Sheth.*

(ii) *In respect to the payment made as mentioned under Para No. 4.2.3 and 4.2.4 on Page No. 7 and 8 of the SCN, it is humbly submitted that the said payments were made to respective Dealers, as per the terms of employment including incentives earned by them.*

(iii) *Further, we humbly submit that the said AP have appointed employees for arbitrage/jobbing /scalping and therefore AP is providing them with Salary and/ or incentive according to terms of the employment for services rendered.*

(iv) *In summary, we submit that the users of CTCL terminals were the employees of AP, and the payments were given to them as per their terms of employment.*

(v) *Further, in respect of the observation of NISM certification of Rijvan and Rashminbhai, it is humbly submitted that the terminals operated by them pertained to only Capital Market Segment (i.e. Equity Segment). It is pertinent to mention here that NISM Certification required for terminal allotment only in case of Equity Derivative/ Currency Derivatives and Commodities Derivatives terminals only. In other words, the NISM Certificate is not required in the case of Dealer Terminal allotment for Capital Market Segment. Pertinently, as per the FAQs of NSE in respect to User IDs it is mentioned that Certification is not required for each user in Capital Market Segment. However, the Corporate Manager and Branch Manager(s) needs to possess a valid NCFM Dealer's Module /NISM Series VII certification. Hence, a dealer is not required to have a user ID. A copy of FAQs on the User IDs as downloaded from the NSE website is enclosed hereto marked as **Annexure - "12"**. Relevant extr·act of the said FAQs is mentioned herein under:*

<u>Quote:</u>

"3. Is Certification required for each user in Capital Market Segment?

Certification is not required for each user in Capital Market segment. However, the Corporate Manager and Branch Manager(s) needs to possess a valid NCFM Dealer's Module I NISM Series VII certification.

Unquote:

(vi) *We further submit that on perusal of ODIN data taken at the time of Inspection of AP (Snapshot taken for CTCL Terminal), it is seen that for both the persons the Market allowed is NSE EQ + BSE EQ. Hence, it is submitted that the F&O market was not allowed to the said persons and therefore the NISM certification is not necessary. A copy of ODIN data (Snapshot taken from CTCL Terminal) of Rijvan and Rashminbhai is enclosed hereto marked as **Annexure - "13"** and **Annexure - "14"** respectively. In fact, we humbly submit that in Annexure - D of the SCN, a copy of Post Inspection Analysis is provided. In the said Post Inspection Analysis, the observation of NISM certification is mentioned i.e. the same observation that Rijvan and Rashminbhai did not have NISM certification. In this regard, the comments of MIRSD-SEC 1 are mentioned. Relevant extract of the said Post Inspection Analysis is mentioned herein under: (Ref. Annexure D of the SCN - Comments of MIRSD - SECl, Page No. 10 and 11)*

Quote:

"The stock broker submitted that the 2 users who don't have NISM certification for trading in FNO segment, have been allotted systems that can only access the Equity segments of NSE/BSE. From the pictures of the 2 terminals available on record (Annexure 6 and 7 of the I.R.) that the Markets and Market Data allowed for the 2 terminals is NSE EQ + BSE EQ.
It is also confirmed from the CTCL terminal data obtained from NSE that the terminals are for trading in Cash Market for the 2 terminal users.
In view of the above, the reply of the stock broker may be accepted.

Unquote:

Hence, it is humbly submitted that SEBI has itself stated that our submissions ought to be accepted.

(vii) *In view of the aforesaid submissions, we humbly submit that no adverse inference be drawn against us in this regard.*

10. *We further submit that as a member, we are mandatorily required to inspect the AP at certain intervals. After our inspection, if there is any alleged violation by the AP, it is beyond our control, and we cannot be alleged to have violated SEBI and Stock Exchanges Rules and Regulations.*

11. ***Legal Submissions**:*

On the subject matter of the proceedings, i.e. Inspection, we would like to refer to and rely upon the Orders passed by Hon 'ble Securities Appellate Tribunal ("Tribunal"). The Gist is as under:

(i) *Order dated 16.06.2011 passed by Hon'ble Tribunal in the matter of Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011) wherein Hon 'ble Tribunal held that:*

Quote:

"5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/ irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/ deficiencies to the intermediary at the time of inspection and making it compliant. This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent.

For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs."

Unquote

(ii) *Order dated 25.07.2011 passed by Hon 'ble Tribunal in the matter of UPSE Securities Limited Vs. SEBI (Appeal No. 109 of 2011) wherein Hon 'ble Tribunal held that:*

***Quote**:*

"5. Before concluding we cannot resist observing that the object of carrying out inspection of the books of accounts and records of any intermediary including a stock exchange or its subsidiaries is to ensure compliance with the provisions of the Act, Rules, Regulations, By-laws and circulars issued from time to time which are meant to regulate the securities market. Every little irregularity I deficiency noticed during the course of the inspection is not culpable and does not call for initiation of penalty proceedings. The purpose of inspection in quite a few cases

could be better achieved if the inspecting team at the time of the inspection were to advise the erring entity. However, if any serious lapse is discovered, it would always be open to the Board to take penal action in accordance with law. Having said this, we leave the matter at that.

In the result, the appeal is allowed and the impugned order set aside with no order as to costs."

Unquote

(iii) *Order dated 11.09.2012 passed by Hon'ble Tribunal in the matter of M/s DSE Financial Services Limited Vs. SEBI 20 (Appeal No. 153 of 2012) wherein Hon'ble Tribunal held that:*

***Quote**:*

"3 . ..... Under similar circumstances in one of the cases decided by us earlier (Religare Securities Limited vs. SEBI Appeal no. 23 of 2011 decided on 16.6.2011), we have observed that it must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We have also observed that every minor discrepancy/ irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities I deficiencies to the intermediary at the time of inspection and making it compliant. As per the observations made by the adjudicating officer himself, the violations committed by the appellant are mostly technical in nature; some of them are solitary instances and for others the appellant has mostly taken/ initiated corrective measures. In view of this, we are of the view that the adjudicating officer was not justified in taking punitive action.

We, therefore, set aside the impugned order and allow the appeal with no order as to costs."

Unquote

We submit with humility before your honour to kindly consider our case on similar lines and exonerate us from the charges levelled against us in the present proceeding.

(iv) *Further, we also rely on the following Order/ Judgment of Akbar Badrudin Badrudin Jiwani V. Collector of Customs, Bombay AIR 1990 SC 1579*
It is noteworthy to mention wherein the Hon'ble Court had stated that :-Para 61 :"We refer in this connection the decision of Merck Spares v. Collector of Central Excise & Customs, New Delhi, 1983 ELT 1261, Shama Engine Valves Ltd .. , Bombay v. Collector of Customs, Bombay (1984) 18 ELT 533 and Madhusudhan Gordhandas & Co. v. Collector of Customs, Bombay, (1987) 29 ELT 904, wherein it has been held that in imposing penalty the requisite mens rea has to be established.

12. *In view of the aforesaid, we deny that we have violated the NSE Circular dated 29.08.2002 bearing reference no. NSE/MEMB/ 3574, NSE Circular dated 25.09.2002, bearing reference No. NSE/MEMB/3635, NSE Circular dated 13.04.2017 bearing reference No. NSE/MSD/34638, NSE Circular dated 22.05.2023 bearing reference No. NSE/MSD/56778 and Clause 9(vii) of the NSE Circular dated 02.06.2023 bearing reference No. NSE/ COMP/ 5694 7 r /w Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 r /w Regulations 26(xix) under Chapter VI of SEBI (Stock Broker) Regulations 1 992. (Ref. unnumbered Para under Point No. 4.1.3 and 4.2.9 on Page No. 6, 9 and 10 of the SCN)*

13. *We submit that we have always followed all the procedures stipulated by any regulatory authority, followed all Rules/ Regulations/instructions etc. issued by any government agency.*

14. *In view of the above circumstances, we submit as follows:*

    (a) *We have never indulged in any action that could result in violation of securities laws and have adequately mitigated the risk as and when the need arose.*

    (b) *Over a period of time, we have performed our duties in the best interest of regulatory compliance, particularly w.r.t. AP Compliance.*

    (c) *We have never derived any unfair gain in any manner whatsoever while performing our duties as a stockbroker.*

    (d) *We have never extended use of trading terminals to any unauthorized person or place. All the trading terminals were operated by users having an appropriate NISM Certificate and the specified locations only.*

    (e) *Importantly, no loss is caused to any person due to our acts and omission, if any.*

(f) *Post inspection we had reviewed all our operations including the process and procedures followed by us and wherever required we had taken all remedial and corrective measures so as to ensure that lapses, if any, do not reoccur.*

(g) *It is humbly stated that alleged lapses, if any have occurred unintentionally.*

(h) *Violations, if any, are merely technical in nature.*

15. *We submit that we are a law-abiding company and we have always complied with Rules/Regulations governing securities market since last so many years. In case penalty is imposed by a reputed and credible organization like SEBI, it shall not only cause loss of goodwill, credibility, market standing but also will adversely affect our institutional business and reputation which has been built over past many years. Thus, we humbly request that we should be discharged without any negative observations.*

16. ***Prayer:***

Your honor is kindly requested to take a lenient view in the matter. It is further requested that the present proceedings under Show Cause Notice dated 29.10.2024 may be dropped and we may be discharged from the same and no penalty be imposed on us.

…"

8. On the Scheduled date of hearing, Noticee appeared through its Authorised Representatives (ARs) viz. Shri Prakash Shah (Advocate), Dr. Keyur Shah (Advocate), CA Kushal Shah and CA Mahavir Toshniwal (CFO of Noticee) in person. During the hearing, the ARs for Noticee relied upon and reiterated the submissions made by Noticee vide letter dated December 31, 2024. Further, the ARs sought additional time till January 09, 2025 to make further additional submissions as final and complete submissions in the matter which was allowed. Noticee submitted its additional submissions vide letter dated January 09, 2025.

Key submissions in the Noticee's reply dated January 09, 2025 is given below:

"…

1. *At the outset, we are thankful to your kind selves for granting us an opportunity for personal hearing and sparing your valuable time on 02.01.2025 to represent our case. During the course of hearing, your honour has kindly permitted us to file Post Hearing Written Submissions. In accordance thereto, we file our submissions for your kind and sympathetic consideration.*

2. *We respectfully submit that in respect of the present SCN dated 29.10.2024, we have filed our replies by letter dated 29.11.2024 and 31.12.2024. In continuation and addition to the same, we respectfully submit as hereunder.*

3. *Our submission is in respect to the captioned SEBI's SCN dated 29.10.2024 in the matter of inspection of ANS Pvt. Ltd. ("**ANS**"). The SCN is issued to us pursuant to thematic onsite inspection conducted by SEBI and Exchange (BSE Ltd.). As per the Inspection Report, the AP Bhavesh N Sheth ("**Bhavesh**") (Proprietor of Sheth Brothers) was shortlisted for Inspection by MIRSD, SEBI based on the preliminary analysis of data provided by the Exchanges.*

4. *At the outset, we humbly and respectfully submit that we have carried out the activities as Stockbroker in compliance of Rules and Bye laws and nothing adverse in this regard ought to be alleged against us. However, without considering the said facts allegations are levelled against us.*

5. *In the SCN, it is alleged as under:*

   (i) *5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 8 360001011066) mapped to the AP were not found at the reported location on 25.01.2024. Further, it is also alleged that 2 terminals (viz CTCL terminal IDs 360001121003 and 360001121008) were active and operating from unspecified /unapproved location on 25.01.2024. (Ref. Para No. 4.1.3 on Page No. 6 of the SCN)*

   (ii) *The terminals were given to unauthorized users. (Ref. Para No. 4.2.2 on Page No. 7 of the SCN). The Terminals were allotted to entities who claimed to be employees, however no proof in respect of the employment was provided. (Ref. Para No. 4.2.5 r/w Para No. 4.2.9 on Page No. 8 and 9 of the SCN). Further, two entities were using the terminals without having NISM certification. (Ref. Para No. 4.2.7 on Page No. 8 of the SCN).*

6. *ANS Pvt. Ltd. (formerly known as Ajay Natavarlal Securities Private Limited) is a prominent stock broking company which was incorporated in February 1999. We are SEBI registered Brokers having membership of NSE, BSE, MCX, NCDEX and CDSL.*

7. *In respect of the Non availability of terminals at the specified location, operation of trading terminals from unauthorized location, it is submitted as under:*

   The allegation pertains to the observation that 5 terminals (CTCL terminal IDs 360001121003, 360001121018, 360001121006, 360001121008 and 360001011066) that are mapped to AP were not found at the reported location on 25.01.2024. Further, out of the 5 terminals mentioned herein above, 2 terminals (viz. CTCL Terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/unapproved location on 25.01.2024. Summary of our submission towards the same is herein under:

   (i) *In respect to CTCL ID having number 360001121003 and 360001121018 it is submitted that the same was operated by Mr. Jaydeep Rathod (**Jaydeep**"), who was the dealer that operated the said terminal for NSE CM and NSE F&O Segment respectively. Mr. Jaydeep was absent on 25.01.2024 and in regard to the same a Leave Application was enclosed as Annexure 1 on Page No. 27 of our Written Submissions dated 31.12.2024. Further, his last login in the said CTCL terminals was on 24.01.2024 and thereafter the next login was directly on 31.01.2024 and also a certificate of the IT Manager of ANS a/w Dealer Login Details w.r.t.. Jaydeep was attached under Annexure-2 on Page No. 28 29 of our Written Submissions dated 31.12.2024.*

   (ii) *In respect to CTCL ID having number 360001121006, it is submitted that the same was operated by Ms. Kinjal Kunjan Sheth ("Kinjal"). However, she was absent on 25.01.2024. In this regard, a Medical Certificate dated 18.01.2024 was enclosed as Annexure 7 on Page No. 42 of our Written Submissions dated 31.12.2024. Further, a certificate of the IT Manager of ANS a/w Dealer Login Details w.r.t. Kinjal was attached under Annexure 9 on Page No. 45 & 46 of our Written Submissions dated 31.12.2024.*

   (iii) *Further, we humbly submit that pursuant to the hearing on 02.01.2025, we had by our Email dated 03.01.2025 requested the NSE for Confirmation that there were no Login/no trades have been executed on the aforesaid NSE CTCL terminals ie. on CTCL ID Number360001121003 & 360001121018 between 25.01.2024 to 30.01.2024 and on CTCL ID Number 360001121006 between 18.01.2024 to 31.01.2024. In this regard, NSE in its reply vide Email dated 07.01.2025, inter alia informed us as under:*

   <u>Quote:</u>

   "This is with reference to the below email, it has been observed that no trades were executed from below mentioned CTCL terminals reported by the Trading Member - ANS Private Limited (TM Code: 10585) to the Exchange.

Sr. No.	*TM Code*	*CTCL ID*	*Segment*	*Period*
1	*10585*	*360001121003*	*NSE CM*	*25.01.2024 to 30.01.2024.*
2	*10585*	*360001121018*	*NSE F&O*	*25.01.2024 to 30.01.2024.*
3	*10585*	*360001121006*	*NSE CM*	*25.01.2024 to 30.01.2024.*

   ***<u>Unquote</u>**:*

   *A copy of the NSE Email dated 07.01.2025 is enclosed hereto marked as **<u>Annexure "1"</u>**. Hence, it is submitted that even the NSE has confirmed that in respect of CTCL ID Number 360001121003,* *360001121018 and 360001121006 there were no trades executed on 25.01.2024. Hence, we humbly submit that the allegation in respect to CTCL ID Number 360001121003, 360001121018 and 360001121006 is totally untenable and unsustainable.*

*(iv) In respect to CTCL terminal No. 360001121008 and 360001011066, is submitted that the same was operated by Mr. Manish Bhatt who was the concerned dealer that operated the said terminals of NSE Capital Market and NSE Derivatives segment. In this regard, we humbly submit that Mr. Manish had logged into the CTCL system on 25.01.2024 from the registered location. On perusal of the IT certificate dated 27.12.2024 of the IT Manager of ANS a/w Dealer Login Details w.r.t. Manish Bhatt (Ref. Annexure 9 on Page No. 45 and 46 of the Written Submissions dated 31.12.2024), it can be seen that Mr. Manish had logged into both the terminals from registered location having IP Address 192.168.10.83 since 08.59.14 AM and after that he has remained logged for whole day trading time. Further the approved person was present at the time of Inspection conducted by BSE and SEBI jointly. Further, on interaction with the AP, it is submitted that they provided us the Attendance register maintained by them of 25.01.2024. A copy of the Attendance register of Sheth Brothers dated 25.01.2024 is enclosed hereto marked as **<u>Annexure "2"</u>**. Additionally, it is submitted that pursuant to the hearing, a notarized Affidavit provided by Mr. Manish Bhatt, concerned Dealer. Relevant Extract of the Affidavit is mentioned herein under:*

<u>Quote:</u>

"3. That on 25th January 2024, I was physically present at the AP's office at 415, Star Chambers, 4th Floor, Harihar Chowk, Rajkot since morning before Equity Market Open (around 9 AM) and duly logged into the CTCL system to carry out trading activities using the aforementioned terminal ID from the Registered Location I state that I may not have been at the Trading Desk when the SEBI Inspection was being conducted on 25.01.2024, however all the the trades in the above-mentioned 2 CTCL terminals were done by me only.

***<u>Unquote</u>**:*

*Hence, it is submitted that all the trades in the CTCL terminal No. 360001121008 and 360001011066 were done by Mr. Manish. A copy of notarized Affidavit dated 06.01.2025 from Mr. Manish Bhatt is enclosed hereto marked as **<u>Annexure - "3"</u>***

(v) In respect of the allegation that CTCL ID 360001121003 was active and operating from unspecified/ unapproved location on 25.01.2024, it is humbly submitted as per the data and records available with us, there was no login on the CTCL ID 360001121003 and therefore no trades were even executed in the said terminal. The detailed clarification in respect to the same is mentioned under Para No. 8 (iv) on Page No. 7 to 11 of the Written Submissions dated 31.12.2024. In summary it is submitted that trades as mentioned in the CTCL terminal having number 360001121003 as mentioned in the NSE's response to SEBI on the basis of which allegations are derived in the SCN belongs to Marwadi Shares and Finance Limited and not us, Further, NSE had in its reply email dated 07.01.2025 reiterated the fact that from NSE CTCL terminal ie. on CTCL ID number 360001121003, no trades were executed during period from 25.01.2024 to 30.01.2024. The said NSE Email is enclosed as Annexure 1 of the present submission.

8. <u>Submission on the allegation of Operation of trading terminals by unapproved/unauthorized users</u>

*(i) The observation in the SCN is that terminals usage in respect of certain terminals was different than what was recorded in the Exchange Records and although AP had claimed that the users of the 9 terminals were their employees, they have not provided any proof of the same. In this regard, we humbly submit that the users of all the terminals are the employees of the AP. In fact, under Annexure No. 10 and 11 on Page No. 47 to 50 of our Written Submissions dated 31.12.2024, it is submitted that we have attached the Appointment Letters of Rijvan Hameedbhai Bloch ("**Rijvan**") and Rashminbhai Haridasbhai Bakori ("**Rashminbhai**"). Hence, it is submitted that the users of the CTCL terminals were the employees of our Registered AP i.e. Sheth Brothers. Further w.r.t. the payment as mentioned in the SCN, it is submitted that the said payments were made to respective Dealers, as per the terms of employment including incentives earned by them.*

(ii) Further, we submit that in respect of the observation of NISM certification of Rijvan and Rashminbhai, it is humbly submitted that the terminals operated by them pertained to only Capital Market Segment (i.e. Equity Segment). It is pertinent to mention here that NISM Certification required for terminal allotment only in case of Equity. Derivative/Currency Derivatives and Commodities Derivatives terminals only. In fact, we humbly submit that in Annexure D of the SCN, a copy of Post Inspection Analysis is provided. In the said Post Inspection Analysis, the observation of NISM certification is mentioned i,e. the same observation that Rijvan and Rashminbhai did not have NISM certification. In this regard, the comments of MIRSD-SEC1 are mentioned. Relevant extract of the said Post Inspection Analysis is mentioned herein under: (Ref. Annexure D of the SCN-Comments of MIRSD-SECI, Page No. 10 and 11)

***<u>Quote</u>**:*

"The stock broker submitted that the 2 users who don't have NISM certification for trading in FNO segment, have been allotted systems that can only access the Equity segments of NSE/BSE. From the pictures of the 2 terminals available on record (Annexure 6 and 7 of the 1.R.) that the Markets and Market Data allowed for the 2 terminals is NSE EQ + BSE EQ.

It is also confirmed from the CTCL terminal data obtained from NSE that the terminals are for trading in Cash Market for the 2 terminal users.

In view of the above, the reply of the stock broker may be accepted.

***Unquote**:*

Hence, it is humbly submitted that SEBI has itself stated that our submissions ought to be accepted.

9. *We humbly submit that we have been in compliance of the NSE Circular dated 29.08.2002 bearing reference no. NSE/MEMB/3574, NSE Circular dated 25.09.2002, bearing reference No. NSE/MEMB/3635, NSE Circular dated 13.04.2017 bearing reference No. NSE/MSD/34638, NSE Circular dated 22.05.2023 bearing reference No. NSE/MSD/56778 and Clause 9(vii) of the NSE Circular dated 02.06.2023 bearing reference No. NSE/COMP/56947 r/w Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule 11 of SEBI (Stock Brokers) Regulations, 1992 r/w Regulations 26(xix) under Chapter VI of SEBI (Stock Broker) Regulations 1992.*

10. *Further, we crave to place reliance on the Order dated 22.11.2024 passed by the Hon'ble Securities Appellate Tribunal ("Tribunal") in the matter SRBC & Co. LLP vs SEBI (Appeal No. 700 of 2022). Relevant extract of the Order is mentioned herein under:*

    ***Quote**:*

    "20. Therefore, imposition of penalty is clearly unsustainable. The contention urged on behalf of SEBI that once the violation is admitted, the AO had no choice but to impose penalty is illogical and liable to be rejected. If this argument were to be accepted it would result in absurd consequences and therefore the said contention is only noted to be rejected.

    21. We trust and hope that while imposing the penalty, the SEBI authorities shall examine the facts in a holistic manner and exercise restraint in passing mechanical orders.

    ***Unquote**:*

    *A copy of the aforesaid Order dated 22.11.2024 passed by the Hon'ble Tribunal in the matter SRBC & Co. LLP vs SEBI (Appeal No. 700 of 2022) is enclosed hereto marked as **Annexure- "4"***

11. ***Prayer***

    Taking totality view of peculiar facts & circumstances of our case and denials as aforesaid, we submit that we have been wrongly roped into the present proceedings and therefore humbly request that:

    (i) The proceedings initiated vide Show Cause Notice dated 29.10.2024 qua us be dropped.

    (ii) The allegation and charges qua us be withdrawn and we may be discharged at the earliest without imposing any monetary penalty on us.

…".

9. Pursuant to transfer of erstwhile AO, vide order dated September 11, 2025, the undersigned was appointed as the AO in the matter. Thereafter vide email dated October 08, 2025, communique of appointment of AO was sent to the Notice. Vide email February 03, 2026, Noticee was provided an opportunity to file additional submissions in the matter. Further, Noticee was advised to indicate their desire to avail opportunity of Hearing in the matter, if any. Vide email dated February 10, 2026, Noticee requested for an

opportunity for personal hearing in the matter. Vide email dated February 13, 2026, Noticee was provided an opportunity of hearing on February 17, 2026.

10. On the Scheduled date of hearing, Noticee appeared through its Authorised Representatives (ARs) viz. Dr. Keyur Shah (Advocate), CA Kushal Shah and CA Mahavir Toshniwal (CFO of Noticee) in person. During the hearing, the ARs for Noticee relied upon and reiterated the submissions made by Noticee vide letter dated December 31, 2024 and January 09, 2025 in the matter. Noticee sought time till February 20, 2026 to make additional submissions in the matter, which was allowed. Noticee submitted their additional submissions vide email dated February 19, 2025.

Key submissions in the Noticee's reply dated February 19, 2025 is given below:

"…

At the outset, we are thankful to your kind selves for granting us an opportunity for personal hearing and sparing your valuable time on 17.02.2026 to represent our case. During the course of hearing, your honour has kindly permitted us to file Post Hearing Written Submissions. In accordance thereto, we file our submissions for your kind and sympathetic consideration.

2. The SCN is issued to us pursuant to thematic onsite inspection conducted by SEBI and Exchange (BSE Ltd.) for the period of March to August 2023. As per the Inspection Report, the AP - Bhavesh N Sheth ("Bhavesh") (Proprietor of Sheth Brothers) was shortlisted for Inspection by MIR SD, SEBI based on the preliminary analysis of data provided by the Exchanges.

3. At the further outset, we humbly and respectfully submit that we have carried out the activities as Stockbroker in compliance of Rules and Bye laws and nothing adverse in this regard ought to be alleged against us. However, without considering the said facts, allegations are levelled against us.

4. ANS is a SEBI registered Stockbroker and during the course of Inspection, there were certain findings and observations as under: (Ref. Para No. 4 on Page No. 3 to 10 of the SCN)

(i) Non - availability of terminals at the specified location, operation of trading terminals from unauthorized location. (Ref. Para No. 4.1 on Page No. 3 to 6 of the SCN)

(ii) Operation of trading terminals by unapproved/unauthorized users (Ref. Para No. 4.2 on Page No. 6 to 10 of the SCN).

In view of the aforesaid observations and findings, it is alleged that ANS has violated several provisions of the NSE Circulars, Code of Conduct for Stock Brokers and Regulations of SEBI (Stock Broker) Regulations 1992 (Ref. Para No. 4 (i) and (ii) on Page No. 3 and 4 of the Written Submissions dated 31.12.2024 {"WS"} r /w Para No. (Ref. Unnumbered Para under Point No. 4.1.3 on Page No. 6 and unnumbered Para under Point No. 4.2.9 on Page No. 9 and 10 of the SCN).

5. ANS is a prominent stock broking company which was incorporated in February 1999, by Sheth Family. We are the flagship entity of the ANS group who is one of the veteran capital market intermediaries 1n the financial sector. We have membership of NSE, BSE, MCX, NCDEX and CDSL. Our Point of connectivity mainly spread in Gujarat & Maharashtra through various AP/ Sub-brokers having more than 500 terminals and as on 31.03.2024, we had around 120 APs associated with us.

6. The present written submissions are filed in addition and continuation to the replies dated 29.11.2024, 31.12.2024 and 09.01.2025.

7. Our submission to the allegations as alleged is as under:

I. Non - availability of terminals at the specified location, operation of trading terminals from unauthorized location. (Ref. Para No. 4.1 on Page No. 3 to 6 of the SCN)

(i) The observation is that 5 terminals (CTCL terminal IDs - 360001121003, 360001121018, 360001121006, 360001121008 and 360001011066) that are mapped to AP were not found at the reported location on 25.01.2024. In this regard, it is submitted that:

(a) For the sake of clarity, it is submitted that we use ODIN Front office software, wherein each Exchange/segment CTCL Terminals can be installed in one Computer and with one Login only. Pertinently, the details of the alleged Terminal Number a/w the name of the dealer of AP that operated the said terminal is mentioned under Para No. (i) on Page No. 6 of the WS).

(b) CTCL ID having number 360001121003 and 360001121018 was operated by Mr. Jaydeep Rathod (Jaydeep") for NSE CM and NSE F&O Segment respectively. Mr. Jaydeep was absent on 25.01.2024 and in regard to the same a Leave Application is attached at Annexure 1 on Page No. 27 of WS. Further, his last login in the said CTCL terminals was on 24.01.2024 and thereafter the next login was directly on 31.01.2024 and also a certificate of the IT Manager of ANS a/w Dealer Login Details w.r.t. Jaydeep was attached at Annexure - 2 on Page No . 28 & 29 of WS. Hence, Mr. Jaydeep was absent from the office on the relevant day of Inspection i.e. 25.01.2024 and also there was no login in his system. Since there was no login for the said Terminal, naturally there were no trades from the said Terminal

(c) CTCL ID having number 360001121006, was operated by Ms. Kinjal Kunjan Sheth ("Kinjal"). However, she was also absent on 25.01.2024. In this regard, a Medical Certificate dated 18.01.2024 was enclosed as Annexure 7 on Page No. 42 of WS. Further, a certificate of the IT Manager of ANS a/w Dealer Login Details w.r. t. Ms. Kinjal was attached under Annexure - 8 on Page No . 43 and 44 of WS.

(d) Further, ANS had by email dated 03 .01.2025 requested the NSE for Confirmation that there were no Login/ no trades have been executed on NSE CTCL terminals having CTCL ID Number - 360001121003 & 360001121018 between 25.01.2024 to 30.01.2024 and on CTCL ID Number 360001121006 between 18.01.2024 to 31.01.2024. In this regard, NSE in its reply vide Email dated 07.01.2025, inter alia confirmed that in respect of CTCL, ID Number 360001121003, 360001121018 and 360001121006 there were no trades executed on 25.01.2024. (Ref. Annexure - 1 on Page No. 13 of the Post Hearing Written Submissions dated 09.01.2025 ("Post Hearing WS")). Hence, the allegation in respect to CTCL ID Number 360001121003, 360001121018 and 360001121006 1s totally untenable and unsustainable.

(e) CTCL terminal No. 360001121008 and 360001011066, was operated by Mr. Manish Bhatt ("Manish") for NSE Capital Market and NSE Derivatives segment. Mr. Manish had logged into the CTCL system on 25.01.2024 from the registered location. On perusal of the IT certificate dated 27.12.2024 of the IT Manager of ANS a/w Dealer Login Details w.r.t. Manish Bhatt (Ref. Annexure - 9 on Page No. 45 and 46 of the WS), it can be seen that Mr. Manish had logged into both the terminals from registered location having IP Address 192.168.10.83 since 08.59.14 AM and after that he has remained logged for whole day trading time. Further, he was present at the time of Inspection conducted by BSE and SEBI jointly. Further, on interaction with the AP, it is submitted that they provided us the Attendance register maintained by them of 25.01.2024 wherein Mr. Manish is shown as present. (Ref. Annexure - 2 on Page No . 14 of the Post Hearing WS). Additionally, a notarized Affidavit was provided by Mr. Manish, concerned Dealer wherein he has confirmed that on 25.01.2024, he was physically present at the AP's office and duly logged into the CTCL system to carry out trading activities. Additionally, he has also stated that he may not have been at the Trading Desk when the SEBI Inspection was being conducted on 25.01.2024, however all the trades in the abovementioned 2 CTCL terminals were done by him only. (Ref. Annexure - 3 on Page No. 15 to 19 of the Post Hearing WS) . Hence, it is submitted that all the trades in the CTCL terminal No. 360001121008 and 360001011066 were done by Mr. Manish

(ii) The observation is that out of the 5 terminals mentioned hereinabove, 2 terminals (viz. CTCL Terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/unapproved location on 25.01.2024.

(a) W.r.t. CTCL ID 360001121003, it is submitted as per the data and records available with us, there was no login on the CTCL ID 360001121003 and therefore no trades were even executed in the said terminal
(b) (b) Therefore, to reverify the said data, we requested SEBI for the relevant documents in respect to the same which we were provided with documents on 20.12.2024 (Ref. Para No. (b) and (c) on Page No. 8 of the WS).
(c) On perusal of the said file of SEBI, it is understood that there are 4 trails of emails in respect to communication of NSE with SEBI. Pertinently, 1n one of the Email dated 27.08.2024, NSE responded to SEBI that trades have been executed on 25.01.2024, from the CTLD ID 360001121003 amongst other CTCL ID and they also attached the relevant data. (Ref. Annexure - 3 on Page No. 30 and 31 of the WS).
(d) On analysis of the said Data 1.e. Excel file containing the CTCL Trades w.r.t. CTCL terminal No. 360001121003, it is understood that the said pertains to the different Trading Member i.e. Trading Code 08760. Pertinently, the said Trading Code does not belong to us i.e. ANS. It is humbly submitted that our trading code is 10585. (Ref. Annexure - 4 on Page No. 32 of the WS). On analysis of the Trading Member code, it is understood that the Member Trading Code 08760 belongs to Marwadi Shares and Finance Limited. (Ref. Annexure - 5 and 6 on Page No. 33 to 41 of the WS).
(e) Further, NSE had also in its reply email dated 07.01.2025 reiterated the fact that NSE CTCL terminal i.e. on CTCL ID number - 360001121003 has been observed that no trades were executed during period from 25.01.2024 to 30.01.2024. (Ref. Annexure - f on Page No. 13 of the Post Hearing WS).

(f) Pertinently, in respect of the CTCL Terminal ID360001121008, it is reiterated that the same was operated by Mr. Manish and as explained in detail herein above all the trades in the said CTCL terminals were done by him only at the AP's registered office.

II. Operation of trading terminals by unapproved/unauthorized users:

The allegation pertains to operation of trading terminals (viz. CTCL terminal Ids 360001121011 and 360001121065 allegedly by unapproved/unauthorized users. (Ref. Para No. 4 .2 on Page No. 6 and 7 of the SCN)

The observations in this regard state that:

(i) The terminals were given to unauthorized users. (Ref. Para No. 4.2.2 on Page No. 7 of the SCN).
A/W
(ii) (ii) The Terminals were allotted to entities who claimed to be employees, however no proof in respect of the employment was provided. (Ref. Para No. 4.2.5 r/w Para No. 4.2.9 on Page No. 8 a9d 9 of the SCN).

In respect of the said observations, it is submitted that:

(a) The observation is that terminals usage of certain terminals was different than what was recorded in the Exchange Records and although AP had claimed that the users of the 9 terminals were their employees, they have not provided any proof of the same.
(b) In this regard, it is submitted that the users of all the terminals are the employees of the AP
(c) In fact, under Annexure No. 10 and 11 on Page No. 47 to 50 of WS, we have attached the Appointment Letters of Rijvan Hameedbhai Bloch ("Rijvan") and Rashminbhai Haridasbhai Bakori ("Rashminbhai") which were the users of CTCL terminal Ids 360001121011 and 360001121065 as alleged in the SCN.
(d) Hence, the users of the CTCL terminals were the employees of our Registered AP i.e. M/ s. Sheth Brothers (Proprietor Bhaves Sheth).
(e) Further w.r.t. the payment as mentioned in the SCN, it is submitted that the said payments were made to respective Dealers, as per the terms of employment including incentives earned by them. It is clarified that the said AP have appointed employees for arbitrage/jobbing /scalping and therefore AP is providing them with Salary and/ or incentive according to terms of the employment for services rendered.

(iii) Two entities were using the terminals without having NISM certification. (Ref. Para No . 4.2.7 on Page No. 8 of the SCN:

(a) In respect of the observation of NISM certification of Rijvan and Rashminbhai, it is humbly submitted that the terminals operated by them pertained to only Capital Market Segment (i.e. Equity Segment).
(b) It 1s pertinent to mention here that NISM Certification required for terminal allotment only in case of Equity Derivative/Currency Derivatives and Commodities Derivatives terminals only and not for Capital Market Segment (i.e. Equity Segment). (Ref. Para No. (v) on Page No. 16 and 17 r /w Annexure - 12 on Page No. 51 to 57 of WS)
(c) On perusal of ODIN data taken at the time of Inspection of AP (Snapshot taken for CTCL Terminal), it is seen that for both the persons the Market allowed is NSE EQ + BSE EQ. Hence, it is submitted that the F&O market was not allowed to the said persons and therefore the NISM certification is not necessary. (Ref. Para No. (vi) on Page No. 17 and 18 r/w Annexure - 13 and 14 on Page No. 58 and 59 of WS).
(d) In Annexure - D of the SCN, a copy of Post Inspection Analysis is provided. In the said Post Inspection Analysis, the observation of NISM certification is mentioned i.e. the same observation that Rijvan and Rashminbhai did not have NISM certification. In this regard, the comments of MIRSDSEC 1 are mentioned. Relevant extract of the said Post Inspection Analysis is mentioned herein under: (Ref. Annexure D of the SCN - Comments of MIRSD - SECl, Page No. 10 and 11).

Quote:

"The stock broker submitted that the 2 users who don't have NISM certification for trading in FNO segment, have been allotted systems that can only access the Equity segments of NSE/ ESE. From the pictures of the 2 terminals available on record (Annexure 6 and 7 of the I.R.) that the Markets and Market Data allowed for the 2 terminals is NSE EQ + ESE EQ.

It is also confirmed from the CTCL terminal data obtained from NSE that the terminals are for trading in Cash Market for the 2 terminal users.

In view of the above, the reply of the stock broker may be accepted.

Unquote:
Hence, it is humbly submitted that SEBI has stated that our submissions ought to be accepted.

8 . On the subject matter of the proceedings, i.e. Inspection of Books of Accounts and records, we would like to refer to and rely upon the Orders passed by Hon'ble Securities Appellate Tribunal ("Tribunal"). (Ref. Page No. 19 to 21 of WS)

(i) Order dated 16.06.2011 passed by Hon'ble Tribunal in the matter of Religare Securities Limited Vs. SEBI (Appeal No. 23 of2011)

(ii) Order dated 25.07.2011 passed by Honble Tribunal in the matter of UPSE Securities Limited Vs. SEBI (Appeal No. 109 of 2011)

(iii) Order dated 11.09.2012 passed by Honble Tribunal in the matter of M/s DSE Financial Services Limited Vs. SEBI (Appeal No. 153 of 2012)

9. We humbly submit that there is no material on record to show that the alleged breach, if any had any real-world effects. It is abundantly clear that we have not made any unlawful or disproportionate gains or attained any unfair advantage or avoided loss illegally, nor has there been any loss caused to investors. Further, in context of imposition of penalty reliance is placed on Order dated 22.11.2024 passed by the Honble Tribunal in the matter SRBC & Co. LLP vs SEBI (Appeal No. 700 of 2022) (Ref. Para No. 10 on Page No. 10 and 11 r/w Annexure - 4 on Page No. 20 to 29 of the Post Hearing WS).

10. Additionally, we would like to refer to and rely upon Orders passed by Ld. Adjudicating Officer,. SEBI:

(i) Order dated 26.11.2025 in the matter of Jainam Broking Limited. Relevant extract of the said Order is mentioned herein under: (Ref. Para No. 19 to 21 on Page No. 11 of the Order)

Quote:

"19. The Noticee, being a stock broker, is expected to adhere to the instructions of the inspecting officials and submit accurate and complete data in a timely manner. In the present case, the Noticee has submitted excess and inaccurate data, and also not forwarded the comments of the Board of Directors to SEBI. However, the details provided by the Noticee pertained to the whole IP, instead of the two months, and no discrepancy was observed in these details. Also, the Noticee had forwarded the Board Resolution to the ESE, which shows that it had not completely disregarded the administrative warning. Therefore, I am of the view that the lapses are mostly technical and procedural in nature and do not warrant penalty.

20. In light of the above, Issues II and III do not require any consideration.

21. Accordingly, the SCN dated May 20, 2025 qua the Noticee is disposed of without imposition of penalty."

Unquote:

A copy of Order dated 26.11.2025 in the matter of Jainam Broking Limited is enclosed hereto marked as Annexure - " 1"

(ii) Order dated 01.12.2025 in the matter of Nuvama Wealth and Investment Limited. Relevant extract of the said Order is mentioned herein under: (Ref. Para No. 14, 15, 18 and 19 on Page No. 10 to 12 of the Order)

Quote:

" 14. The very nature of instances depicting lack of due diligence and violation of the provisions of the Circulars on the part of Noticee ought to have been specified in the terms of reference of the Adjudication. This is necessary as the terms of reference for adjudication in the appointment order do not clearly indicate the specific acts on the part of the Noticee which resulted in the violations of the specific regulations under the SEBI Stock Brokers Regulations. Though it is pertinent to mention that the inspection report do mention certain instances indicating lapses on the part of the Noticee, leading to violation of the provisions of the Circulars same are not specified in relation to the corresponding or applicable provisions of the Stock Brokers Regulations. It is also pertinent to mention that the penalty provided under Section 15 HB is being referred to, and no specific provisions of the Act or Regulations or Rules is mentioned. Section 15 HB being a residuary penalty provision also applies in the case of failure to comply with any rules, regulations or the directions issued by the Board. However, it is necessary to clearly specify the specific provision of the Act, rules or Regulations in the tenns of reference for adjudication. Further in the totality of the facts and circumstances of the case it is pertinent to mention that the matter is primarily arising out of an inspection conducted by SEEL As there appears to be no instance of fraud in the inspection report, SEBI is justified in invoking Section 15 HB of the SEBI Act.

15. In this regard, it is also pertinent to bear in mind the observations of Hon'ble Securities Appellate Tribunal in the matter of Religare Securities Ltd. vs SEBI (Appeal No:23/ 2011) dated June 16, 2011 and in the matter UPSE Securities vs SEBI (Appeal no. 109/2011) dated July 25, 2011 wherein the Tribunal observed that the purpose of inspection of the books of accounts and records of any intermediary including a stock exchange or its subsidiaries is to ensure compliance with the provisions of the Act) Rules) Regulations) By-laws and circulars issued from time to time which are meant to regulate the securities market. Every little irregularity/ deficiency notice during the course of the inspection is not culpable and does not call for initiation of penalty proceedings. The purpose of the inspection in quite a few cases could be better achieved if the inspecting team *at the time of the inspection were to advise the erring entity. However) if any serious lapse is discovered) it would always be open to the Board to take penal action in accordance with law. Apparently) there are no allegations of fraud as against the Noticee in the present matter.*

16 and 17 ....

18. The available records neither specify the disproportionate gains/unfair advantage made by Noticee nor the loss) if any) suffered by the investors due to such violations. As mentioned in the previous paragraphs) certain lapses on the part of the Noticee do indicate non-adherence with the provisions of SEBI circulars. However) considering that the matter is arising out of inspection it is felt that lapses may not be treated as serious in nature so as to warrant imposition of monetary penalty under the provisions of Section 15 HB of the SEBI Act.

E. ORDER

19. Taking into account the aforesaid findings and in exercise of powers conferred upon me under Section 151 of the SEBI Act read with Rule 5 of the Adjudication Rules and after considering all the facts and circumstances of the case and evidence on record, I conclude that the allegations against the Noticee do not warrant any monetary penalty."

Unquote:
A copy of Order dated 01.12.2025 in the matter of Nuvama Wealth and Investment Limited is enclosed hereto marked as Annexure - "2"

11. Prayer:
Taking totality view of peculiar facts & circumstances of our case , and denials as aforesaid, we humbly request your kind selves that:
(i) The proceedings initiated vide Show Cause Notice dated 29.10.2024 be dropped.
(j) (ii) The allegation and charges be withdrawn and we may be discharged at the earliest without imposing any monetary penalty on us.

…"

D. CONSIDERATION OF ISSUES AND FINDINGS

11. The issues that arise for consideration in the instant matter are as following:

Issue No. I: **Whether the Noticee has violated the provisions of SEBI (Stock Broker) Regulation and the NSE circulars , as alleged?**

Issue No. II: **If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15HB of SEBI Act, 1992?**

Issue No. III: **If yes, what should be the monetary penalty that can be imposed upon the Noticee?**

12. I now proceed to deal with the matter having regard to the submissions of the Noticee on merits:

Issue No. I: Whether the Noticee has violated the provisions of SEBI (Stock Broker) Regulation and the NSE circulars, as alleged?

12.1. **Non-availability of terminals at the specified locations, operation of trading terminals from unauthorized location:**

It was alleged that Noticee had violated NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017 and NSE/MSD/56778 dated May 22, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

12.1.1. In this regard the following was inter alia alleged and observed by SEBI:

- 5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066) mapped to the AP were not found at the reported location on 25.01.2024.
- Out of the 5 terminals above, 2 terminals (viz. CTCL terminal IDs 360001121003 and 360001121008) were active and operating from unspecified/ unapproved location on 25.01.2024.
- On verification of terminals present at the location during physical inspection at AP's location and details reported by TM to the Exchange, it was observed that there was mismatch in terminals details as per the records of exchange and as physically verified at APs location (415 Star Chambers 4th Floor Harihar Chowk Rajkot).
- Also, the user details as reported to the exchange was different from what is observed during physical verification during inspection.

12.1.2. In this regard, Noticee in its reply to the findings of inspection responded the following:

"i. *We would like to mention here that there is no mis-match in CTCL details which we have reported to the Exchanges and available at physical location inspected at Office Number 402/403 Star Chamber, harihar Chowk, Rajkot – 360001 at the time of inspection as on January 25, 2024. In Inspection finding letter there is typographic error as number mentioned as Office no. 415, Star Chamber, 4th Floor, Harihar Chowk, Rajkot – 360001. Further as per the Annexure 2 provided by you, find here herewith our submission towards the same for CTCL Terminals: -*

1. *360001121061 – Pinak Kamlesh Sanghvi was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection.*
2. *360001121012 – Deepak Arunbhai Raithatha – Said CTCL details has been matched with your CTCL list*
3. *360001109042 – Urviben Dineshbhai Somaiya – We hereby inform you that said user was shifted to Head office Arham Financial Centre, Harihar Chowk, Rajkot – 360001 which was modify on 24/01/2024. Attached herewith request status report downloaded from Exchange Portal. Therefore, there is no mis-match.*
4. *360001109041 – Chiragsinh G Rathod – We hereby inform you that said user was shifted to Head office Arham Financial Centre, Harihar Chowk, Rajkot – 360001 which was modify on 24/01/2024. Attached herewith request status report downloaded from Exchange Portal. Therefore there is no mis-match.*
5. *360001109121 – Rima Kaushalbhai Dholakiya was on leave on 25/01/2024 and hence no trade was executed from that CTCL user*

id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection

6. 360001109122 –Yasmin Ayubhai Bloch was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection
7. 360001121062 – Neelam Hariom Chanchal was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection
8. 360001121065 – Rashminbhai Haridasbhai Bakori – Said CTCL details has been matched with your CTCL list
9. 360001121063 – Bhumika Bhaveshbhai Babariya was on leave on 25/01/2024 and hence no trade was executed from that CTCL user id. You may refer trade file of Exchanges for cross verification. The same has been clearly explained to Inspecting team at the time of Inspection
10. 360001121064 – Jankiben Piyushbhai Buddhadev was available in the morning but due to personal reason she left from the office, which we have explained to the inspection official at the time of inspection. You may refer trade time for cross verification.

Further to note that as per the Annexure – 3 list of terminal found at the location of AP office are duly registered in NSE and BSE which we have already submitted you over email dated February 01, 2024 i.e. before two months and details was uploaded on the Exchanges Portal. We are attaching herewith list of terminal with activation dates for your record and reference. Therefore, there is no mismatch in CTCL.

We are enclosing herewith following as supporting of our reply:

- Trade file dated January 25, 2024 – Annexure IV

- List of terminal registered as on January 25, 2024 – Annexure V and Copy of email which we have sent on February 01, 2024 as Annexure VA

- Modification files from ENIT Portal for shifting of BOW id to main office on January 24, 2024. – Annexure VI"

12.1.3. In this regard, SEBI observed that the stock broker in its reply inter-alia informed that there was no mismatch in terminal details and shared the terminal details as reported by them to the exchanges at the location of Inspection as on January 25, 2024 at Annexure V to their reply. In respect of 12 CTCL terminals mapped to the AP as on January 25, 2024 as per data obtained from NSE, details at Annexure P, it was inter alia observed by SEBI as under:

12.1.3.1. In respect of 10 terminals not found at the location, the stock broker in their reply clarified that 5 terminal users were on leave and hence, were not found at the time of inspection. However, the stock broker failed to provide any comments in respect of the remaining 5 terminals. Hence, the violation 'terminals not found at the reported location' persists in respect of these remaining 5 terminals (viz. CTCL terminal ids 360001121003, 360001121018, 360001121006, 360001121008 & 360001011066)

12.1.3.2. Further, based on the trade data obtained from NSE, trades were executed on the date of inspection from the 2 terminals (viz. CTCL terminal IDs 360001121003 and 360001121008) which were not found at the location during inspection.

Therefore, SEBI alleged that Noticee has violated NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017 and

NSE/MSD/56778 dated May 22, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

12.1.3.3. The text of relevant provisions which are alleged to have been violated are reproduced below:

SECURITIES AND EXCHANGE BOARD OF INDIA(STOCK-BROKERS) REGULATIONS, 1992

"…

Conditions of registration.
9. *Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-*
(a) …
(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

…"

Liability for monetary penalty.

26. A stock broker 65[***] shall be liable for monetary penalty in respect of the following violations, namely—

"…

(xix) Extending use of trading terminal to any unauthorized person or place.

..."

SCHEDULE II
Securities and Exchange Board of India (Stock Brokers 104[***])
Regulations, 1992
CODE OF CONDUCT FOR STOCK BROKERS
[Regulation 9]

"…

A. General.
(5) 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.
…"

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred)

NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002

"…

3. CTCL terminals need to be located only in the office of the Trading Member or in the office of their registered sub-brokers.
…".

12.1.4. I note that wrt CTCL ID having number 360001121006, it was submitted by Noticee as part of reply to the SCN that "…Ms. Kinjal was the dealer that operated the said terminal…*she was absent from 18.01.2024 to 31.01.2024 due to medical emergency … A copy of the…medical certificate dated 18.01.2024 issued by Physiocare Rehabilitation Hospital w.r.t. Kinjal Sheth is enclosed …".*

12.1.5. I note from the aforesaid medical certificated dated January 18, 2024 that she was diagnosed with Spondylitis. It was mentioned in the certificate that this chronic inflammatory condition which affects the spine and joints, often results in significant discomfort and impaired mobility. Consequently, doctor advised total avoidance of screen time, a restriction against sitting for intervals exceeding 15 minutes, and a period of medical leave from January 18, 2024 to January 31, 2024, pending further evaluation.

12.1.6. I also note that Noticee has submitted an NSE email dated January 07, 2025 wherein NSE has observed that no trades were executed inter alia from CTCL ID 360001121006 from the period 25.01.2024 to 30.01.2024.

In view thereof, I am inclined to accept Noticee's submission in this regard.

12.1.7. Aa regards CTCL ID having number 360001121003 and 360001121018, Noticee submitted that the same was operated by Mr. Jaydeep Rathod for NSE CM and NSE F&O Segment. In this regard Noticee has provided an IT Certificate issued by Mr. Vxxxxl Axxxxxa to establish a gap in login activity between January 24, 2024 and January 31, 2024. Further, I also note from the attendance register dated 25/10/2024 which was provided by Noticee that the Noticee was marked absent on the aforesaid date.

12.1.8. Moreover, I also note that Noticee has submitted an NSE email dated January 07, 2025 wherein NSE has observed that no trades were executed inter alia from CTCL ID 360001121003, 360001121018 from the period 25.01.2024 to 30.01.2024.

In view thereof, I am inclined to accept Noticee's submission in this regard.

12.1.9. With regard to CTCL ID having number 360001121008 and 360001011066, it was submitted by Noticee that the same was operated by Mr. Manish Bhatt for NSE Capital Market and NSE Derivatives segment. Further, Noticee has submitted that Mr. Manish had logged into both the terminals from registered location having IN Address 192.168.10.83 since 08.59.14 AM and after that he has remained logged for whole day trading time. Further, I note from the attendance register submitted by Noticee that Mr. Manish was shown as present. Further, I note that Noticee has submitted a notarized affidavit by Mr. Manish wherein he has confirmed that on 25.01.2024, he was physically present at the AP's office and duly logged into the CTCL system to carry out trading activities.

Considering the above, benefit of doubt is given to the Noticee.

12.1.10. Further, in respect to the CTCL IDs 360001121003 and 360001121008, SEBI has also observed that trades were executed on the date of inspection however, CTCL terminal IDs 360001121003 and 360001121008) were not found at the location during inspection.

12.1.11. In this regard, Noticee in his reply to the SCN has inter alia submitted that:

"…

(i) In this regard, in our Preliminary Submissions dated 29.11.2024, we had requested your kind selves to kindly provide us with the following details amongst other: -

Quote:

"Under Para No. 4.1.2.2 (Page No. 6) of the SCN, it is mentioned that based on the data obtained from NSE, trades were executed on the Date of Inspection from 2 terminals i.e. 360001121003 and 360001121008. Kindly provide the said Data obtained from NSE a/ w the details of IP address."

Unquote:

(ii) In this regard, pursuant to our Inspection on 10.12.2024 at your office, we are provided with the point wise response to our request along with certain documents by SEBI vide Email dated 20.12.2024. In respect to our aforesaid request to provide the data obtained from NSE, it is responded by SEBI that "Documents titled as "FW: Request to provide documents in the matter of ANS Pvt Ltd" is being attached in this mail."

(iii) On perusal of the said file, it is understood that there are 4 trails of emails in respect to communication of NSE with SEBI. In this regard, we understand that in the Email dated 27.08.2024, NSE responded to SEBI as under:

***Quote**:*

"1. Kindly confirm whether any trades have been executed on January 25, 2024 from the below mentioned terminals (that were mapped to the Authorised Person on the day of inspection as per data provided vide trail mail):

__Response__: - Yes, trades have been executed on January 25, 2024 from the CTLD Ids ~6000112100~ 36000112100~ 360001121011 & 360001121065) of Capital Market Segment as mentioned in the trail email. Further, there were no trades executed in FO segment.

2. Request you to also provide the relevant trade files and the trade volumes observed for the aforementioned terminals on January 25, 2024

Response: Please find attached trade details executed on the above mentioned CTCL Ids on January 25, 2024.

Unquote:

Further, in the said Email an Excel file containing the CTCL Trades in the CM segment is attached. For ready reference a copy of the said email dated 27.08.2024 from NSE to SEBI a/w the Excel file as attached thereto w.r.t. CTCL Trades is enclosed hereto marked as Annexure - "3".

(iv) On analysis of the said Excel file containing the CTCL Trades w.r.t. CTCL terminal No. 360001121003, it is understood that the said pertains to the different Trading Member i.e. Trading Code 08760. Pertinently, the said Trading Code does not belong to us i.e. ANS. It is humbly submitted that our trading code is 10585. A copy of the CTCL Trades in the CM segment w.r.t. CTCL terminal No. 360001121003 as extracted from the data received by SEBI from NSE is enclosed hereto marked as Annexure - "4".

(v) On analysis of the Trading Member code, it is understood that the Member Trading Code 08760 belongs to Marwadi Shares and Finance Limited. For ready reference copy of Member details of Marwadi Shares and Finance Limited and ANS Pvt. Ltd., as extracted from the NSE Website is enclosed hereto marked as Annexure - "5" and Annexure - "6" respectively.

(vi) Hence, the said CTCL terminal having number 360001121003 as mentioned in the NSE's response to SEBI on the basis of which allegations are derived in the SCN belongs to Marwadi Shares and Finance Limited and not us.

…".

12.1.12. In this regard with respect to CTCL ID 360001121003, I note from the website of NSE (https://enit.nseindia.com/MemDirWeb/brokerDetailPage_Beta?memID=980&h_MemType=members&memName=MARWADI%20SHARES%20AND%20FINANCE%20LIMITED) that the terminal 360001121003 belong to a member code 08760 which belongs to Marwadi Shares and Finance Limited and code 10585 belongs to ANS Pvt Ltd. (https://enit.nseindia.com/MemDirWeb/brokerDetailPage_Beta?memID=1885&h_MemType=members&memName=ANS%20PVT.%20LTD). Therefore, Noticee's submission in this regard are accepted.

12.1.13. With regard to CTCL ID 360001121008, the same was operated by Mr. Manish and based on the documents available on record, benefit of doubt is given to the Noticee as discussed in the forgoing.

12.2. **Operation of trading terminals by unapproved/ unauthorized users:**

Operation of trading terminals (viz. CTCL terminal ids 360001121011 & 360001121065) by unapproved/ unauthorized users.

12.2.1. The following was inter alia observed and alleged by SEBI:

a. During the physical inspection at the AP's location (415, Star Chambers Harihar Chowk Rajkot), there were nine terminals at the said location. The terminal details and its users as observed at the location during the inspection, duly acknowledged by AP. It was observed that the terminal usage in respect of said terminals were different from what is recorded in the exchange records. Though AP had claimed that the users of said 9 terminals were its employees, no proof in support of the same could be submitted during the inspection. Thus, it was also observed that terminals were given to unauthorized users.

b. In addition, it was observed from the bank statements of AP (A/c No.310327110000423 with Bank of India) AP had given payment to certain entities who were found to be using the terminals during the inspection. The details of such entities and payment given to them are given below: -

Name	**Payment date**	**Amount (Rs.)**	**Purpose (as per reply given by AP)**
Himanshu Babariya	18/03/23	50,400	Jobbing/Arbitrage/ Market Strategy/ Professional Services Charges
Ahish Gorvadi	18/03/23	1,49,306	

12.2.2. Apart from the above, from the bank statements and response provided by TM/AP, it was observed that same narration (purpose) was indicated in respect of 8 other entities.

12.2.3. Therefore, AP had certain arrangement with said entities and terminals were given to them. It was observed that the terminals were allotted to entities who claimed to be employees, which is not in compliance with exchange circulars mentioned above.

c. With regard to the NISM Certification by the entities who were allotted the terminals, TM Vide e-mail dated 01/02/2024, had submitted copies of NISM certificates pertaining to certain entities. On perusal of the same, it was observed that below mentioned two users were not having NISM certification:

Mr. Rashminbhai Haridasbhai Bakori (AKIPB2689J)

Mr. Rijvan Hameedbhai Bloch (ATQPB6607D)

TM has further mentioned in the above e-mail that they had 'No terminal in FNO'.

12.2.4. However, on perusal of terminal details allotted to the entities, it was observed that the said two terminals were FNO enabled terminals. Hence, the said entities were using the terminals without having necessary NISM Certification.

12.2.5. Noticee in its response to the findings of Inspection responded to SEBI that *"…We* would like *to submit here that we have issued terminal to Employee of registered AP (Sheth Brother – Proprietor Mr. Bhavesh N Sheth) at the registered location according to the BSE circular Number 20230525-24 dated May 25, 2023*

…we have issued terminal to employee of registered AP as per the above guidelines of the Exchanges and SEBI. We are stringent to follow rules and regulations of SEBI….

…In reference to the point number (b), we would like to submit here that our AP has appointed employees for arbitrage/jobbing, therefore AP is providing them Salary or professional charges or incentive for the services. We are enclosing herewith professional bill for arbitrage service of Ashish Gorvadiya and Himanshu Gorvadiya (instead of Himanshu Babariya quoted by you) for your reference as Annexure – VIIA and VIIB…".

12.2.6. In this regard, SEBI observed that NSE, vide Circular no. NSE/MSD/56778 dated May 22, 2023, reiterated to its members that trading terminals allotted by members shall be operated / accessed only through User Ids allotted to Approved Persons namely employees of trading member, partner / proprietor / director(s), registered authorized persons (AP) or employee of an AP. The stock broker in reply has stated that the terminals have been issued to employees of AP and submitted invoices for professional services for 2 people who are not the reported users of terminals mapped to the AP Bhavesh Sheth. Hence, the stock broker failed to provide any proof of employment (viz. Salary slips, Form-16, Appointment Letter etc) of the 2 Terminal users of the CTCL terminals ids 360001121011 & 360001121065 which are mapped to AP Bhavesh Natwarlal Sheth and found during inspection.

12.2.7. Therefore, it was alleged that Noticee had violated NSE Circular no. NSE/MEMB/3574 dated Aug 29, 2002, NSE/MEMB/3635 dated Sep 25,2002, NSE/MSD/34638 dated April 13,2017, NSE/MSD/56778 dated May 22, 2023 and Clause 9(vii) of NSE Circular No. NSE/COMP/ 56947 dated June 02, 2023 read with Regulation 9 (b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992 read with Regulation 26(xix) under Chapter VI of SEBI (Stock Brokers) Regulations 1992.

12.2.8. The text of relevant provisions which are alleged to have been violated are reproduced below:

NSE circular No. NSE/MEM/3574 dated August 29, 2002

"…*Trading Members shall not entrust the CTCL terminals to their clients or to any unregistered intermediary (refer points 1 and 5 of Circular 163) other than Approved Persons. Approved Person may be an employee of the Trading Member, a registered sub-broker, an Approved User or an Authorised Person who has been approved by the Exchange.*
…"

12.2.9. In this regard I note that Noticee as part of reply to the SCN has submitted the following:

"…
*The observation in the SCN is that terminals usage in respect of certain terminals was different than what was recorded in the Exchange Records and although AP had claimed that the users of the 9 terminals were their employees, they have not provided any proof of the same. In this regard, we humbly submit that the users of all the terminals are the employees of the AP. In fact, as per discussion held with the concerned AP, we have been provided with Appointment cum Joining Letter of Mr. Rijvan Hameedbhai Bloch ("**Rijvan**") and Mr. Rashminbhai Haridasbhai Bakori ("**Rashminbhai**") (Dealers). It is pertinent to mention that the user of CTCL ID 360001121011 and 360001121065 was Rijvan and Rashminbhai respectively. A copy of Appointment Letters of Rijvan Hameedbhai Bloch and Rashminbhai Haridasbhai Bakori is enclosed hereto marked as Annexure - "10" and Annexure - "11" respectively. Hence, it is submitted that the users of the CTCL terminals were the employees of our Registered AP i.e. Bhavesh Sheth.*

In respect to the payment made as mentioned under Para No. 4.2.3 and 4.2.4 on Page No. 7 and 8 of the SCN, it is humbly submitted that the said payments were made to respective Dealers, as per the terms of employment including incentives earned by them.

Further, we humbly submit that the said AP have appointed employees for arbitrage/jobbing /scalping and therefore AP is providing them with Salary and/ or incentive according to terms of the employment for services rendered.

In summary, we submit that the users of CTCL terminals were the employees *of* AP*, and the payments were given to them as per their terms of employment.*

12.2.10. In this regard, I note from material available on record that Noticee has submitted Appointment cum Joining Letter of Mr. Rijvan Hameedbhai Bloch and Mr. Rashminbhai Haridasbhai Bakori effective from 01/11/2016 and 01/01/2024, respectively. Therefore, I am inclined to accept Noticee's contention that Mr. Rijvan Hameedbhai Bloch and Mr. Rashminbhai Haridasbhai Bakori were employees of the AP.

12.2.11. Further, I note that wrt observation of NISM certification of Rijvan and Rashminbhai, Noticee has inter alia submitted that *"…it is humbly submitted that the terminals operated by them pertained to only Capital Market Segment (i.e. Equity Segment). It is pertinent to mention here that NISM Certification required for terminal allotment only in case of Equity Derivative/ Currency Derivatives and Commodities Derivatives terminals only. In other words, the NISM Certificate is not required in the case of Dealer Terminal allotment for Capital Market Segment.*

12.2.12. With regard to the NISM Certification by the entities, it is noted from material available on record that the Noticee's response to the Inspection findings were accepted by SEBI. Therefore, the instant violation does not stand established.

13. In view thereof, having regard to the totality of facts and circumstances of the matter, the material available on record and submissions of the Noticee, I am inclined to allow benefit of doubt to the Noticee in this regard.

14. Since the alleged violations in respect of the Noticee are not established, the Issue No. II and III require no further consideration.

E. ORDER

15. After taking into account the aforesaid findings and in exercise of powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, the Adjudication proceedings against the Noticee initiated vide SCN dated October 29, 2024, stand disposed of without imposition of any monetary penalty.

16. 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.

SUDEEP MISHRA Digitally signed by SUDEEP MISHRA Date: 2026.02.23 15:50:13 +05'30'

PLACE: MUMBAI **SUDEEP MISHRA**
DATE: February 23, 2026 **ADJUDICATING OFICER**