BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. ORDER/BM/JR/2022-23/ 18169]

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

BSE Limited

(PAN: AACCB6672L)

In the matter of **BSE Limited**

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) had examined investments made by the BSE Limited (hereinafter referred to as '**Noticee')** to ascertain whether Noticee engaged in activities which is unrelated or not incidental to its activity as a stock exchange without approval of SEBI. The period of examination relates to all the existing stakes/shares in other entities held by the Noticee and/or its subsidiaries as on March 26, 2021.

2. It was observed during examination that the Noticee acquired stakes in various businesses without taking requisite approvals from SEBI as required regulation 38(2) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as "**SECC Regulations, 2018**") read with 41(3) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (hereinafter referred to as "**SECC Regulations, 2012**").

3. Pursuant to examination, it was observed that Noticee and / or its subsidiaries have allegedly engaged in unrelated /non-incidental activities without obtaining SEBI approval, with regard to the stakes / shares in the following entities /companies :

   a) BSE Technologies Pvt. Ltd.
   b) Marketplace EBIX Technology Service Pvt. Ltd.

c) BSE Tech Infra Services Pvt. Ltd.
d) BIL Reyson Futures Pvt. Ltd.
e) Indus Water Insititute Pvt. Ltd.

4. In view of the above, SEBI initiated adjudication proceedings against the Noticee in terms of section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), for the alleged violations of regulation 38(2) of the SECC Regulations 2018 read with regulation 41(3) of the SECC Regulations, 2012.

APPOINTMENT OF ADJUDICATING OFFICER:

5. Vide order dated October 28, 2021 the undersigned was appointed as Adjudicating Officer (hereinafter referred to as **'AO'**) under section 19 of the SEBI Act, read with Section 15-I (1) of the SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, (hereinafter referred as the "**Adjudication Rules**") to adjudicate upon the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING:

6. Show Cause Notice SEBI/EAD-3/BM/LD/01254/2022 dated January 07, 2022 (hereinafter being referred to as "**SCN**") was issued to the Noticee in terms rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against Noticee and why penalty, if any, should not be imposed upon Noticee under section 15HB of the SEBI Act alleging, *inter alia*, the following:

"1. BSE Technologies Pvt. Ltd. (BTPL), Marketplace EBIX Technology Service Pvt. Ltd. (METSPL) and BSE Tech Infra Services Pvt. Ltd. (BTISPL):

BTPL, incorporated in 2005, was engaged in the business of development, consultation and support services in computer hardware, information technology, electronic commerce, etc. It became a wholly owned subsidiary of BSE Ltd. in 2009. The company provides Product Licensing service and other IT support services in back office solutions to BSE Limited as well as other clients.

a) It was observed that SEBI had earlier accorded approval to the Noticee under Regulation 38(2) of SECC Regulations, 2018 for carrying out the following activities through BTPL (erstwhile Marketplace Technologies Pvt. Ltd.):

S.No	Activity Business	Date of approval
1.	TReDS (Trade Receivables Discounting System)	17-03-2020
2.	KRA (KYC Registration Agency)	28-04-2020

b) *Thus, BTPL could carry out only TReDS and KRA related activities for which it received SEBI approval.*

c) *However, from the submissions of Noticee, it was observed that BTPL was allegedly offering IT related products/ services which were not related to the activities of the Noticee as a stock exchange, to clients other than the Noticee. and its subsidiaries and no approval was taken from SEBI for the same. A brief overview of some of the products/ services offered by BTPL is as under:*
- *SWIFT – It primarily involves providing SWIFT connectivity (by taking license from SWIFT) along with maintenance and support to banks and corporates.*
- *License Sales (ARCSERVE) – It involves procuring licensed products/ softwares from distributors and selling it to the clients based on their requirements.*
- *CLASS – It is a back office solution for large and medium scale broking houses.*
- *eSIGNER – It is a bulk mailer software solution with tracking facilities used for sending emails with digital signatures.*

d) *Further, BTPL had also setup 2 subsidiaries, BTISPL and METSPL to carry out technology related activities. BTISPL, incorporated in 2011 as a wholly owned subsidiary of BTPL, was engaged in the business of development, programming, installation, implementation, up gradation, re-engineering, consultation and providing infrastructure and support services in computer software, hardware, information technology, etc. METSPL, incorporated in 2018 as a joint venture between BTPL & EBIX, carries on the activity of rendering technological support to insurance related companies through the following activities:*
- *To act as representatives, agents, stockists, distributors, dealers, traders, designers, jobbers and marketing in all kind of softwares, computers, software development etc.*
- *To manufacture and deal in Computer hardware and software.*
- *To provide management consultancy services in the fields of Information technology.*

e) *Thus, it was observed that both BTISPL and METSPL were allegedly involved in providing technology related services for which the Noticee had not taken approval from SEBI. Further, they were providing these services to clients not related to the securities market. For instance, BTISPL provided IT services to Legasis Services Pvt. Ltd., a legal support services company providing following services to its clients:*
- *Legal & Regulatory Compliance management*
- *IPR support services*
- *Legal Research & due diligence services*

f) *Vide mail dated March 31, 2021**,** Noticee submitted the details of board members and management of Marketplace Technologies Pvt. Ltd. (now BTPL), which was as under:*

Name	Designation
Shri Pranav Trivedi	Whole Time Director
Shri Animesh Jain	Whole Time Director
Shri Ashishkumar Chauhan	Director
Shri Kersi Tavadia	Director
Shri Shankar Jadhav	Director

Shri Girish Joshi	*Director*
Shri Rajesh NKE	*Chief Financial Officer*
Smt. Riddhi Vikam	*Company Secretary*

Out of the above, Mr. Ashishkumar Chauhan, Mr. Kersi Tavadia and Mr. Girish Joshi are also on the management of BSE Ltd.

g) *From the date when SECC Regulations, 2012 came into effect, i.e., June 20, 2012, the stock exchange could only continue carrying out unrelated/non incidental activity through a separate legal entity and with prior permission of SEBI, unless it is for the purpose of increasing efficiency in the services provided by the Stock Exchange.*

h) *Further, Regulation 41(3) of SECC Regulations, 2012 and Regulation 38(2) of SECC Regulations, 2018, intend to ensure ring-fencing of the activities of the Stock Exchange from its unrelated activities by permitting such activities through a separate legal entity and with prior approval of the Board. Hence, after obtaining approval from SEBI, subsidiary is opened for an approved activity only. If a subsidiary carries out another activity without approval from SEBI, that defeats the purpose of the extant regulation.*

i) *Thus any investment made by a subsidiary of the Noticee to carry out unrelated/ non-incidental activities needs prior approval from SEBI under Regulation 41(3) of SECC Regulations, 2012 and Regulation 38(2) of SECC Regulations, 2018 (whichever applicable).*

j) *By continuing the activities of BTPL not approved by SEBI post the promulgation of SECC Regulations, 2012, and by indirectly carrying out unrelated/ non-incidental activities through BTISPL and METSPL, BSE is thus alleged to have violated Regulation 38(2) of SECC Regulations, 2018 r/w Regulation 41(3) of SECC Regulations, 2012.*

<u>2. BIL Ryerson Futures Pvt. Ltd. :</u>

a) *BIL Ryerson Futures Private Ltd (hereinafter referred as 'BIL RFPL' was incorporated on 13th October, 2014 as a joint venture between the BSE Institute Limited and Ryerson Futures Inc., a wholly owned subsidiary of Ryerson University, Canada.*

b) *From the submissions of the Noticee, it was observed that BIL was engaged in the following activities:*
   - *Setting up of incubator and accelerator programs for e-commerce startups.*
   - *Providing infrastructure and information support, networking opportunities and access to corporate partner and investors.*

c) *From the shareholding of BRFPL, it was observed that the contribution of Noticee to acquire 10.43% stake of the Noticee in BRFPL amounted to Rs. 15,000/-.*

d) *Thus, by indirectly carrying out unrelated/ non-incidental activities through BIL RFPL not approved by SEBI, the Noticee is alleged to have violated Regulation 38(2) of SECC Regulations, 2018 r/w Regulation 41(3) of SECC Regulations, 2012.*

<u>3. Indus Water Institute Pvt. Ltd. :</u>

a) *Noticee in its submission inte ralia has said that BSE Institute Ltd. acquired stake in Indus Water Institute Pvt. Ltd., on March 23, 2021, i.e., after the implementation of SECC Regulations, 2018. The entity mainly provides support to entrepreneurs in water and clean technologies.*

b) *BSE Institute Ltd. holds 8% equity shares (800 equity shares of face value of Rs. 10/-) in Indus Water Institute Pvt. Ltd. The total contribution amounts to Rs. 8000/-.*

c) *The Noticee submitted that Regulation 38(2) of SECC Regulations, 2018, is not applicable in the instant matter as it applies only to recognized stock exchanges and consequently does not extend to a subsidiary of a recognized stock exchange carrying out legitimate business activities.*
d) *It was observed that the Noticee allegedly engaged into unrelated/ non-incidental activity through its subsidiary BSE Institute Ltd.*
e) *Hence, by indirectly carrying out unrelated/ non-incidental activities through Indus Water Institute Pvt. Ltd. not approved by SEBI, it is alleged that the Noticee has violated Regulation 38(2) of SECC Regulations, 2018."*

7. The SCN was sent to Noticee through Speed Post AD and email on November 01, 2021 and was duly served upon Noticee.

8. Vide letter dated January 29, 2022 the Noticee requested for inspection of the documents and information that have been relied upon and sought extension of time for submitting its reply. Meanwhile, in the interest of natural justice, Noticee was given an opportunity of personal hearing before the undersigned on March 9, 2022 vide notice dated February 23, 2022. Vide letter dated March 1, 2022, the Noticee, requested for inspection of document which was acceded to and the Noticee was given an opportunity to inspect the documents relied upon on March 17, 2022. The Noticee vide letter dated March 25, 2022 sought for inspection of further documents, viz., opinion of Legal Affairs Department and the complete examination report along with its annexures. Vide email dated May 5, 2022, the opinion of Legal Affairs Department was sent to the Noticee. Another opportunity of personal hearing was given to the Noticee on May 18, 2022 vide notice dated May 5, 2022. The Noticee vide letter dated May 9, 2022 sought extension of time to submit reply after availing another opportunity of inspection of documents. Further, vide email dated May 11, 2022, the Noticee sought time to submit reply as the Senior Counsel representing the matter was on vacation. Subsequently, vide email dated May 13, 2022, the Noticee was provided with the copy of the examination report along with the annexures.

9. The Noticee replied to the SCN vide letter dated June 1, 2022 stating, *inter alia*, the following:

"15. BSE submits that at the time of making the relevant SECC Regulations, it was never the intention of SEBI to extend the application of the abovementioned regulations to

subsidiaries or associate companies of recognized stock exchanges and recognized clearing corporations or the activities undertaken by these entities or the investments made by such entities. On a plain reading as well as regulation 38(2) of SECC regulations 2018, it is very evident that the said provisions do not extend to subsidiaries or associate companies of stock exchange or their activities, much less to legal entities which fall neither in the definition of a subsidiary nor an associate as defined in these Regulations. The above regulations in clear unambiguous and explicit terms apply only in so far as recognized stock exchanges and recognized clearing corporations are concerned. It is contrary to all rules of construction to read words into a provision unless it is absolutely necessary to do so, which is absent in the present case.

I. SUBMISSIONS WITH REGARD TO SCN ALLEGATION 1:
BSE did not seek SEBI's approval post promulgation of the SECC Regulations 2012 for continuing the activities of BTPL and allegedly violated Regulation 38(2) of SECC Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012

i) The Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of SECC Regulations 2012, do not cover within their ambit subsidiaries of recognized stock exchanges

*32. It is respectfully submitted that BTPL is engaged in providing various technology solutions to BSE and the securities market. Further, considering the scope and ambit of terms "engage", "activities" as discussed below and the description of services informed to SEBI, the SWIFT, ARCSERVE,CLASS and eSIGNER ("**Relevant BTPL Services**") would fall within the ambit of "related" /"incidental" activities and thus, Regulation 38(2) of SECC Regulation, 2018 or Regulation 41(3) of SECC Regulations, 2012 does not apply in the present facts and circumstances. A table reflecting the brief nature of activities are as follows:*

Sr. No	***Activities***	***Nature***
1	*CLASS*	*CLASS is browser based clearing and settlement system. It is an integrated software solution which provides capability to handlemultiple markets, markets segments in a single user interface,CLASS handles entire transaction sequence seamlessly from trading to obligations to delivery to settlement to accounting functions.*
2	*eSIGNER*	*eSigner is a powerful 'Build Mailer' solution with tracking facilities to use for sending emails with digital signature as per the compliance. Amongst various processes, it also auto updates client master from CLASS/ and enable documents for daily status report / client status report.*
3	*SWIFT*	*SWIFT provides connectivity to banks and corporates and is a well - recognized mode for transfer of funds and securities.*
4	*ARCSERVE*	*'Business Continuity Tool' which replicates the data from imary server to any other server, which can be availed byvarious entities including SEBI intermediaries.*

*33. Further, Section 2(j) of the SCRA defines the 'activity' of a stock exchange as '**assisting**, regulating or controlling the business of buying, selling or dealing in securities' and thus, the aforesaid Relevant BTPL Services are related and incidental since the same are towards assisting the business of buying, selling or dealing in securities. Considering the aforesaid nature of activity, there is a logical linkage with the Relevant BTPL Services and the same are integral to its business as a stock exchange. Thus, it is respectfully submitted that Relevant BTPL Services are related/ incidental activities. In fact, substantial revenue of BTPL is received from BSE on account of services provided by BTPL to BSE. It is utmost important and necessary that the exchange is able to provide entire suite of digital ecosystem to remain relevant in the ever changing technologically advanced highly competitive securities market. In this regard, we crave the leave to refer to and rely on publications/studies which deal with technology services provided by stock exchanges worldwide.*

34. The Notice has failed to place any material to show that the Relevant BTPL Services are not related / incidental activities except relying upon the information that the said Relevant BTPL Services are availed by clients not related to securities market. In this regard, it is respectfully submitted that SEBI has only considered partial set of information (i.e clients not related to securities market) and completely ignored other set of information (i.e clients related to securities market) which is arbitrary. Secondly, it would be incorrect and untenable to suggest that just because the aforesaid Relevant BTPL Services (which are largely of universal application) are availed by clients not related to securities market, it would alter the nature of such services and their linkage with the stock exchange activities.

35. Assuming for the sake of argument, without admitting, that the Relevant BTPL Services do not constitute activities which are "incidental"/ "related" to the activities of BSE as a recognized Stock Exchange, BSE has not violated any provisions of the Relevant SECC Regulations, as submitted hereinbelow.

ii) There was no requirement to seek SEBI approval for activities conducted prior to the promulgation of the SECC Regulations 2012

36. At the outset, it is relevant to mention that prior to the introduction of SECC Regulations 2012, there was no provision which required stock exchanges to seek SEBI's prior approval for undertaking unrelated or non-incidental activities through a separate entity and such a provision was introduced for the first time on June 20, 2012 i.e. the date of promulgation of SECC Regulations 2012. This has been specifically admitted in paragraph 7(i) at page 9 of the SEBI examination report provided to us at the time of inspection. In fact, there is nothing in the SECC Regulations 2012 (which is prospective in nature for reasons stated hereinbelow) that mandates the stock exchanges to seek SEBI's approval for activities that had been initiated, prior to June 20, 2012 and the same is also supported by disclosures of the information of subsidiaries to SEBI as mentioned above.

39. Without prejudice to the aforesaid, notably, BTPL was incorporated in the year 2005 and became a wholly owned subsidiary of BSE on September 29, 2009. Further, it started offering the 'CLASS' and 'eSIGNER' services from 2005. Considering that there was no *legal requirement to seek SEBI approval at the time these services were offered coupled with the fact that the SECC Regulations 2012 were prospective in application, no SEBI approval was warranted for BTPL to engage in these activities. Accordingly, while the Notice refers to violations of the SECC Regulations 2012 in relation to BTPL offering 'CLASS' and 'eSIGNER' services, it does not demonstrate the regulatory requirement which required BSE to seek prior approval for BTPL's activities in this regard.*

40. It is further submitted that BTPL is engaged in providing IT Services which it was doing much prior to SECC Regulations, 2012 and that the SECC Regulations, which otherwise is not applicable, would apply to every sub-set activity of IT / Technology Services provided by BTPL after promulgation of SECC Regulations would lead to travesty of justice and against the ethos of "Ease of Doing Business".

41. BTPL started offering SWIFT related services in pursuance of the Shared Infrastructure Agreement executed between SWIFT India Domestic Services and BTPL on November 15, 2017, which was prior to the promulgation of the SECC Regulations 2018. It is relevant to note that the SECC Regulations 2018 are prospective in application, and it is further submitted the allegation in the Notice against the SWIFT services will not be saved by Regulation 52 of the SECC Regulations 2018 (Repeal and Savings).

43. Relying upon the NSE SAT Order (dated January 4, 2022), we submit that no show cause notice was issued and no order was passed against BSE in respect of allegations in the Notice prior to October 3, 2018 i.e. date of promulgation of SECC Regulations 2018. Accordingly, the proceedings in the Notice, to the extent relating to activities initiated prior to October 3, 2018, will not be saved by Regulation 52 of the SECC Regulations 2018.

v) Relevant BTPL Services are being carried out by BTPL as a separate legal entity.

45. It is relevant to note that Regulation 38(2) of SECC Regulations 2018 prohibits BSE (and not its subsidiaries or associates) from engaging in any activity that is unrelated or non-incidental to its activity as a stock exchange, without obtaining SEBI approval. The Notice has alleged that the Relevant BTPL Services are unrelated and non-incidental and that BSE was required to seek SEBI approval for the same. However, it is important to emphasize that such activities are being carried out by BTPL as a separate and independent legal entity.

*46. Attributing the Relevant BTPL Services to BSE would be in stark violation of the sacrosanct principle of distinct corporate personality and in the absence of any valid grounds for such attribution of services of BTPL to BSE, it would not withstand the scrutiny of law. Further, it is humbly submitted that the Notice proceeds against BSE on the basis of the incorrect assumption that the activities of BTPL can be attributed to BSE since there was 1 director and 2 key management persons common between BSE and BTPL. In this regard, it also relevant to note that the SEBI examination report relies on the SEBI Legal Affairs Department ("**LAD**") opinion for interpretation of the term 'engage in activity' referred to in the SECC Regulations, wherein it was opined that by virtue of NSE having the power to nominate directors and shareholding in the impugned companies, it can be construed that NSE engaged in the activities of such companies. It is humbly submitted that there is no law which imputes that an activity of a corporate entity can be ascribed to another entity on the grounds that that few of the directors and key* *management persons are common. In this regard, it is respectfully submitted that SEBI ought to have considered that BTPL is a separate legal entity and mere commonality of directors and key managerial persons does not in any way establish that activities of an entity can be attributed to another entity. If such an interpretation is to be accepted, it would lead to absurd consequences. The Relevant SECC Regulations do not provide for such attribution in so far as separate legal entities and their activities are concerned, and in any case such legal vacuum cannot be fulfilled by the aforesaid SEBI's internal LAD Opinion.*

47. The argument that activities of BTPL should not be attributed to BSE is further supported by the rationale behind the introduction of Regulation 41(3) of the SECC Regulations 2012 and Regulation 38(2) of the SECC Regulations 2018 as referred to in paragraphs 9 to 13 hereinabove. It is therefore clear that the intent behind the promulgation of the Relevant SECC Regulations was not to be applied to subsidiaries or associates of recognized stock exchanges and clearing corporations.

vi) Investment of BSE in BTPL in year 2009 was a one-time 'investment' does not qualify as 'engaging in activity' as per the principles of statutory interpretation and hence, did not require approval under SECC Regulations, 2012

49. Pursuant to acquisition of BTPL by BSE in year 2009, BTPL became a wholly owned subsidiary of BSE. Aside from the fact that this act was undertaken well prior to the promulgation of SECC Regulations 2012, it is an indefensible position to argue that this 'act of investment/ acquisition' amounts to BSE engaging in an activity. This has been elucidated in detail in the following paragraphs.

*51. **Interpretation of the term 'engage'**: The Delhi High Court, in the matter of National Projects Construction Corporation Ltd. vs. Commissioner of Wealth Tax [1969] 74 ITR 465 (Delhi) had explained the term 'engage in' in the following manner:*

"The word "engage" may have variety of meanings depending on the context and setting in which it is used. Ordinarily the expression connotes doing of more than one act or one transaction.

***Continuity of action is implicit in the meaning of the word**. It has also been used in the sense of being busy or conducting or devoting attention or effort or employing oneself. **The words "engaged in the manufacture, production", etc., should normally, therefore, mean continuously occupied in the manufacture as a principal business as distinguished from an occasional participation or single act or casual employment or a mere supervision without physical participation.** The extent of activity would be a relevant factor and if such activity is at an extended scale it may be suggestive of being "engaged" in manufacturing activity."*

*This was further supported by the pronouncement of the Allahabad High Court in Pramod Kumar v. State of UP (1989 AWC 745 All) where it was held that '**engage means to take part in or be employed in, and connotes more than a single act or single transaction and involves some continuity of action**, while the word 'participate' means simply to take or have a part or share in, and may apply equally to a single act or to many acts.*

*52. **Interpretation of the term 'activity'**: The Bombay High Court in the matter of Armstrong Builders and Developers v. Vishvanath Naik [2007(1) All MR 167] had interpreted the term 'activity' in the context of Goa Money Lenders Act, 2001 and held as follows:*

"The expression "activity" is not defined under the said Act and the ordinary dictionary meaning as per Black's Law Dictionary activity is an occupation or pursuit in which a person is active, and, as per Oxford English Dictionary, it is the condition in which things are happening or being done.
***In other words, the very subject of activity suggests continuity and therefore a single act of giving a loan would not come within the definition of Sub-clause (a) of Clause (1) of Section 2 of the said Act**."*

53. Considering that the intent of Regulation 38(2) of SECC Regulations 2018 is to segregate the activities of stock exchanges between related and unrelated activities, the term 'activity' should be read in the broader context of 'business' of stock exchanges. The Supreme Court in the matter of Barenda Prasad Roy and Ors. v. Income Tax Officer had held the following while interpreting the term 'business':
*The word business is one of wide import and it means an **activity carried on continuously and systematically by a person** by the application of his labour or skill with a view to earning an income.*

54. Furthermore, Learned Adjudicating Officer of SEBI in the matter of National Stock Exchange of India (Adjudication Order No. Order/AP/SK/2020-21/9374 decided on October 01, 2020) (at Paragraph No. 18) observed that, "From the aforesaid discussions on the term 'activity', it is essential that an act to be classified as 'activity' needs to satisfy that it is carried on with a continuity or regularity and it need not be an isolated or semi-occasional and temporary event. Further, this event needs to be in the course of 'profession or occupation'. Accordingly, it was held that, "I am therefore of the view that one-time event of incorporation of NISC on January 31, 2013, as a wholly owned subsidiary of NSE and NSE transferring its 100% share in DotEx to NSIC on December 31, 2013 which were one-time and standalone events, will not satisfy the requirement of classifying it as 'activity' under regulation 41(3) of the SECC Regulations."

55. It is submitted that BSE has neither deployed any funds nor financed any activities undertaken /services offered by BTPL since 2009.

56. Keeping in mind the above-mentioned judicial precedents and also the literal interpretation of the second proviso to Regulation 38(2) of SECC Regulations 2018, it is submitted that a one time act of 'investment by BSE in BTPL' cannot be construed as engaging in activity by BSE due to its discontinuous nature and accordingly, the allegation in the Notice that BSE has violated Regulation 38(2) of SECC Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012 by 'continuing the activities of BTPL' is also untenable.

II. SUBMISSIONS WITH REGARD TO SCN ALLEGATION 2:
BSE indirectly carried out unrelated/ non-incidental activities through BTISPL and METSPL without seeking SEBI approval and allegedly violated Regulation 38(2) of SECC
Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012
i) Activities of BTISPL are related / incidental activities
58. As evident from the information submitted to SEBI, BTISPL provides various IT support services to various entities including BSE, India International Exchange (IFSC) Limited and BTPL. Further, BTISPL acts as application service provider and engage in the business of development, programming, installation, implementation, up gradation, re-

engineering, consultation and providing infrastructure and support services in computer software, hardware, information technology, etc.

60. Further, the Notice has failed to place any material to show that the services provided by BTISPL are not related / incidental activities except relying upon the information that the said services are availed by clients not related to securities market. In this regard, it is respectfully submitted that SEBI has only considered partial set of information (i.e clients not related to securities market) and completely ignored other set of information (i.e client related to securities market) which is arbitrary. Secondly, it would be incorrect and untenable to suggest that just because the services of BTISPL (which are largely of universal application) is availed by clients not related to securities market would alter its nature and its linkage with the stock exchange activities.

61. Assuming for the sake of arguments, without admitting, that the services provided by BTISPL do not constitute activities which are "incidental"/ "related" to the activities of BSE as a recognized stock exchange, BSE has not violated any provisions of the Relevant SECC Regulations, as submitted hereinbelow.

ii) The Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of the SECC Regulations 2012, do not cover within their ambit investment/ entities of subsidiaries of recognized stock exchanges

62. Without prejudice to the preliminary submission that Regulation 38(2) of the SECC Regulations 2018 or the Regulation 41(3) of SECC Regulations 2012 do not extend in terms of applicability to subsidiaries or associate companies of recognized stock exchanges, as more particularly set out in the aforementioned paragraphs 14 to 20, the following further submissions have been made. It is pertinent to note that BTISPL is a subsidiary of BTPL and METSPL is an associate company of BTPL and therefore the applicability of the aforementioned regulations does not extend to them.

iii) There was no requirement to seek SEBI approval for activities of BTISPL since BTISPL started conducting its activities prior to the promulgation of the SECC Regulations 2012

63. BTISPL was incorporated as a wholly owned subsidiary of BTPL in 2011 and provides technology related services to BSE, BTPL and various clients from time to time. At the relevant time, there was no requirement to seek SEBI's approval and considering that the SECC Regulations, 2012 are prospective in application, BSE cannot be held to be in contravention of 38(2) of SECC Regulations, 2018 or Regulation 41(3) of SECC Regulations, 2012 for BTPL's investment in BTISPL.

iv) Activities initiated by METSPL prior to the promulgation of SECC Regulations 2018 will not be saved by the Regulation 52 of the SECC Regulations 2018 (Repeal and Savings)

65. METSPL is an associate company of BTPL which was incorporated as a joint venture between BTPL and EBIX on April 3, 2018 wherein BTPL acquired 4,000 equity shares constituting 40% 42 above), SECC Regulations 2018 will not be applicable to allegations against METSPL since its activities began prior to the commencement of the SECC Regulations 2018. Further, the proceedings under the SECC Regulations 2012 will not be saved by Regulation 52 of SECC Regulations 2018 (Repeal and Savings) since there were no proceedings in the form of an order or a show cause notice to begin with, when the

SECC Regulations 2012 were in force. This is consistent with SAT's interpretation of Regulation 52(2) of SECC Regulations 2018 in paragraph 17 of the NSE SAT Order.

v) BTISPL and METSPL's business activities are being carried out by them as separate legal entities.

66. The Notice has alleged that BSE should have obtained SEBI approval for indirectly carrying out unrelated activities through BTISPL, which is a step down subsidiary of BSE. It is relevant to highlight that BTISPL is a separate legal entity which conducts its business independently in accordance with its charter documents with a separate and independent management and BSE does not have any direct shareholding or any special rights/ power to appoint any directors on the board of BTISPL. There is no material placed on record by SEBI to indicate that BSE has deployed funds in BTISPL except bald allegations that BTISPL is a subsidiary of BTPL and thus, BSE has undertaken unrelated activity in violation of SECC Regulations. It is submitted that BTPL has deployed its own funds from its internal accruals in BTISPL. In this light, the allegation that BSE is engaged in the business activities of BTISPL without SEBI's approval would be in violation of the principles of distinct corporate personality and it cannot withstand legal scrutiny.

67. Additionally, it has also been alleged that BSE should have obtained SEBI approval for indirectly carrying out activities through METSPL, which is an associate of BTPL. Similar to the argument made in favour of BTISPL, METSPL is a separate legal entity which conducts its business independently in accordance with its charter documents with a separate and independent management and BSE does have any direct shareholding or any special rights/ power to appoint any directors on the board of METSPL. Furthermore, all funds required for BTPL's investment of 40% stake in METSPL have been obtained from BTPL's internal accruals.

III. SUBMISSIONS WITH REGARD TO SCN ALLEGATION 3:

BSE indirectly carried out unrelated/ non-incidental activities through BIL RFPL without seeking SEBI approval and allegedly violated Regulation 38(2) of SECC Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012 i) The Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of SECC Regulations 2012, do not cover within their ambit investments made by subsidiaries of recognized stock exchanges

68. Without prejudice to the preliminary submission that Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of SECC Regulations 2012, do not extend in terms of applicability to subsidiaries of recognized stock exchanges, as more particularly set out in the aforementioned paragraphs 14 to 20, and by way of BSE's preliminary submission, the following further submissions have been made. It is pertinent to note that BIL RFPL is a separate legal entity in which BSE Institute Limited (BIL) has a shareholding of 10.43%. In other words, BIL RFPL is neither a subsidiary nor an associate of BSE and therefore the applicability of the aforementioned regulations cannot be extended to the activities carried on by BIL RFPL.

ii) Activities initiated by BIL RFPL prior to the promulgation of SECC Regulations 2018 will not be saved by the Regulation 52 of the SECC Regulations 2018 (Repeal and Savings)

69. BIL RFPL was incorporated on October 13, 2014 and BIL holds 10.43% equity shareholding in BIL RFPL. It is relevant to highlight that BSE has never deployed any funds in BIL RFPL and all funds required for BIL's investment in BIL RFPL have been derived from BIL's internal accruals. The Notice, in paragraph 2(c) on page 7, has, however, erroneously stated that BSE contributed INR 15,000 for acquisition of the aforesaid stake in BIL RFPL and this statement is specifically denied. It is pertinent to note that BSE does not hold any shares in BIL RFPL.

70. Since the date of its incorporation, BIL RFPL has been engaged in the business of setting up an incubator and accelerator program in order to create a conducive business environment for ecommerce start-up businesses. It also provides infrastructure, information and business mentoring support, networking opportunities, access to corporate partners and investors. Placing due reliance on the NSE SAT Order (as explained in greater detail in paragraph 42 above), it is submitted that SECC Regulations 2018 will not be applicable to allegations against BIL RFPL since its activities began prior to the commencement of the SECC Regulations 2018.

71. Further, the proceedings under the SECC Regulations 2012 will not be saved by Regulation 52 of SECC Regulations 2018 (Repeal and Savings) since there were no proceedings in the form of an order or a show cause notice at the time when the SECC Regulations 2012 came into force. This is consistent with SAT's interpretation of Regulation 52(2) of SECC Regulations 2018 in paragraph 17 of the NSE SAT Order.

iii) BIL RFPL's business activities are being carried out by BIL RFPL, as a separate legal entity

72. The Notice has alleged that BSE should have obtained SEBI approval for indirectly carrying out activities through BIL RFPL, which is neither a subsidiary nor an associate of BSE. It is relevant to highlight that BIL RFPL is a separate legal entity which conducts its business activities independently in accordance with its charter documents with a separate and independent management and that BSE does not have any direct shareholding or any special rights/ power to appoint any directors on the board of BIL RFPL nor has it deployed any funds or intended to undertake the activity of BIL RFPL. There is no material to suggest that BSE ever intended to carry out any such activities through BIL RFPL except that BIL, a subsidiary of BSE holds 10.43 % stake in BIL RFPL and thus, any contrary reading would be in violation of the principles of distinct corporate personality and without any legitimate grounds. The allegation that BSE is indirectly carrying out the activities through BIL RFPL cannot withstand legal scrutiny. Further, BIL does not hold controlling stake or even majority stake in BIL RFPL nor has the right to appoint majority of the directors on the board of BIL RFPL.

iv) One Time Investment in BIL RFPL by BIL without any controlling / majority stake

73. One time investment by BIL in BIL RFPL cannot and ought not be construed as engaging in an activity as upheld by SEBI in its order in the matter of NSE and as mentioned above.

74. Furthermore, considering that the activities of BIL are not found to be in non-compliance with Relevant SECC Regulations as evident from SEBI's examination report, then the said principle extends to the activities of BIL RFPL and should not be altered.

75. In view of the aforesaid, the allegation in the Notice that BSE has violated Regulation 38(2) of SECC Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012 by indirectly
carrying out unrelated / non-incidental activities through BIL RFPL is untenable and unsustainable in the given facts and circumstances.

IV. SUBMISSIONS WITH REGARD TO SCN ALLEGATION 4:
BSE indirectly carried out unrelated/ non-incidental activities through Indus Water Institute Private Limited (Indus Water) without seeking SEBI approval and allegedly violated Regulation 38(2) of SECC Regulations 2018 read with Regulation 41(3) of SECC Regulations 2012
i) The Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of the SECC Regulations 2012, do not cover within their ambit investment by subsidiaries of recognized stock exchanges

76. Without prejudice to the preliminary submission that Regulation 38(2) of the SECC Regulations 2018 read with the Regulation 41(3) of SECC Regulations 2012 does not extend in terms of applicability to subsidiaries of recognized stock exchanges, as more particularly set out in the aforementioned paragraphs 14 to 18, and by way of BSE's preliminary submission, the following further submissions have been made. It is pertinent to note that Indus Water is a separate legal entity in which BIL has a shareholding of 8% and therefore the applicability of the aforementioned regulations does not extend to Indus Water.

ii) BSE has no involvement in Indus Water's business activities and such activities are being carried out by Indus Water as a separate legal entity

77. Indus Water provides support to entrepreneurs in water and clean technologies. BIL acquired 800 equity shares (constituting 8% shareholding) in Indus Water on March 23, 2021. It is relevant to highlight that BSE has never deployed any funds in Indus Water and all funds invested by BIL in Indus Water have been derived from its internal accruals.

78. The Notice has alleged that BSE should have obtained SEBI approval for indirectly carrying out unrelated activities through Indus Water, but it is pertinent to note that Indus Water is neither a subsidiary nor an associate of BSE. Indus Water is a separate legal entity which conducts its business activities independently in accordance with its charter documents with a separate and independent management without any involvement from BSE and BSE does not have any direct shareholding or any special rights/ power to appoint any directors on the board of Indus Water nor has it deployed any funds or intended to carry out any such activities through Indus Water. It is further submitted that in the absence of any evidence, attribution of Indus Water's activities to BSE would be violative of the principles of distinct corporate personality and without any legitimate grounds. Further, it is submitted that BIL, which is subsidiary of BSE, only holds 8% stake in Indus Water which shows that BIL does not hold a controlling stake or even majority stake in Indus Water nor has the right to appoint majority of the directors on the board of Indus Water.

iii) One Time Investment in Indus Water by BIL without any controlling / majority stake

79. Furthermore, one time investment by BIL in Indus Water cannot and ought not to be construed as engaging in an activity as upheld by SEBI in its Order in the matter of NSE and as mentioned above.

80. Furthermore, considering that the activities of BIL are not found to be in non-compliance with Relevant SECC Regulations as evident from SEBI's examination report, the said principle extends to the activities of Indus Water and should not be altered.

D. CHARGES LEVELED AGAINST BSE ARE UNSUSTAINABLE AND NO PENALTY IS WARRANTED ***I. Delay in providing relevant information***

83. Since receipt of the Notice, BSE has made repeated and continuous efforts to engage with SEBI in order to obtain the relevant information. However, SEBI provided inspection of certain documents, after substantial delay as mentioned above. Further, in violation of the principles of natural justice and which has prejudiced BSE and its submissions, insufficient time was given for BSE to prepare and file its Reply and appear before the Adjudicating Officer for the personal hearing, as discussed hereinabove. Thus, the present reply has been filed hurriedly and BSE has not had the full opportunity to defend its case.

II. The Notice has been issued raising allegations which are not substantiated in law

84. It is submitted that the Notice has been issued with disregard to law inter alia for the following reasons:
(a) Prior to 2012, there was no regulatory requirement for stock exchanges to seek SEBI approval for engaging in activities that is non-incidental or unrelated to its activities as a stock exchange and there is nothing in the Relevant SECC Regulations which mandate seeking a SEBI approval for activities that had already been initiated prior to 2012. Contrary to the legal position, SEBI in the Notice has alleged that BSE was under an obligation to seek such prior approval for continuing the activities initiated prior to 2012; and (b) Additionally, in the Notice, the allegation that BSE had contributed INR 15,000 to acquire 10.43% stake in BIL RFPL in paragraph 2(c) on page 7 is also incorrect as borne out from the details in Annexure 3 of the Notice.

Considerations made by SEBI while imposing a penalty

86. Under Chapter-VIA of the SEBI Act, imposition of a penalty is not a compulsion but is discretionary. Section 15I(2) of the SEBI Act confers on the adjudicating officer the discretion to impose a penalty. The use of the words "he may impose such penalty as he thinks fit…" in section 15I(2), underscores the existence of discretion not to impose a penalty. The Hon'ble Supreme Court in ***Bharjatiya Steel Industries v. CST*** *((2008) 11 SCC 617) held that where a statute confers on an authority the discretion to impose a penalty, it is open to the authority not to impose a penalty. This has been reiterated in* ***SEBI v. Bhavesh Pabari*** *((2019) 5 SCC 90) (see below), which occupies the domain apropos the scope of discretion under Chapter -VIA of the SEBI Act.*

88. The law is well-settled that these factors are merely illustrative and not exhaustive. In the instant case, the other factors that should be taken into account include:
(a) BSE has co-operated with SEBI in relation to inspections conducted by it in full compliance with all applicable regulations, circulars and regulatory directions, and disclosed details of the stake held by it and its subsidiaries in other entities from time to time and has provided all details to SEBI as and when sought.

(b) BSE has always held compliance with applicable laws on high standards and ensure full compliance as per the extant laws. BSE has not been held responsible for non-compliance with the Relevant SECC Regulations in the past.
(c) The interest of securities market or investors have not been impacted.
(d) In light of the NSE SAT Order which has not been stayed nor set aside till date, the ruling of SAT is binding and as per the doctrine of precedent, the Learned Adjudicating Authority is duty bound by the ruling/finding of the appellate authority.
(e) BSE did not deploy any funds whatsoever in the entities which are subject matter of the present Notice after the promulgation of Relevant SECC Regulations, as demonstrated above and in previous correspondences with SEBI.
(f) BSE does not hold any shares in BTISPL, METSPL, BIL RFPL and Indus Water. Further, BSE does not possess any special power to appoint directors on the board of the said entities nor does it exercise control over the said entities.
(g) There is no conflict of interest in the activities carried on by the respective entities vis-à-vis the activities of BSE.
(h) BIL RFPL is in the process of voluntary winding up as per the process set out under the relevant provisions of the Companies Act, 2013."

10. Another opportunity of personal hearing was given to the Noticee on June 2, 2022. During the course of the hearing, the Adjudicating Officer raised a query with respect to two application filed by the Noticee seeking permission from SEBI to carry out the activities related to TreDS and KrA through one of its subsidiaries. Accordingly, vide its reply dated June 16, 2022, the Noticee submitted the copy of the said applications by BSE seeking SEBI's approval to carry out activities related to TReDS and KRA through BTPL was submitted by the Noticee vide letter dated June 16, 2022 which stated, *inter alia*, the following:

*"6. In so far as the approval of SEBI with respect to activity of TReDS is concerned, it is submitted that BSE had sought permission from SEBI, since BSE was looking to venture into TReDS business. The activity of TReDS falls within the ambit of "relevant" / "incidental" activities, in so far as it facilitates the financing of trade receivables of Micro, Small and Medium Enterprises ("**MSMEs**"). Whilst the activity of TReDS falls within the ambit of "relevant" / "incidental" activities and is not in conflict with BSE's activities, BSE proposed to undertake the TReDS activities through BTPL.*

*7. In so far as the approval of SEBI with respect to activity of KRA is concerned, it is submitted that BSE had sought permission from SEBI, to set up and operate KRA business through its subsidiary BTPL pursuant to KYC (Know Your Client) Registration Agency (KRA), Regulations, 2011 ("**KRA Regulations**") issued by SEBI. According to the KRA Regulations, the requirements for grant of certificate of registration to a KRA, inter alia, included that the applicant must be a wholly owned subsidiary of a recognized stock exchange having nationwide network of trading terminals. Accordingly, BSE had sought approval to set up the KRA business through BTPL, which met the aforesaid requirements. It is submitted that KRA activities are not in conflict of BSE's activities. The activity of KRA, also falls within the ambit of "relevant" / "incidental" activities, in* *so far as KRA facilitates an investor to invest/trade in isted securities through various intermediaries, after undergoing the KYC process once.*

8. It is submitted that, since these activities were proposed to be undertaken by BSE through BTPL, out of abundant caution, BSE filed the said applications for seeking SEBI approval. However, a plain reading of the Relevant SECC Regulations reveals that while the approval of SEBI was sought by BSE for TReDS and KRA activities, it was not a requirement under law with respect to the Relevant SECC Regulations. Firstly, since the activities of TReDS and KRA fall within the scope of "relevant" / "incidental" activities, the Relevant SECC Regulations were not attracted. Secondly, in any case, since these activities were being carried out through a subsidiary of BSE, viz. BTPL, the Relevant SECC Regulations would not apply, in so far as the Relevant SECC Regulations squarely apply only to recognized stock exchanges or recognized clearing corporations, and neither of the respective provisions of the Relevant SECC Regulations make any mention of their application towards subsidiaries or associate companies of stock exchanges and their respective activities, as more particularly set out and submitted in the Reply. Therefore, it is submitted that although BSE did make applications for seeking approval from SEBI with respect to BTPL carrying out the activities of TReDS and KRA, the same was not a requirement under law.

Alleged non-approval with respect to the Relevant BTPL Services in contravention of the Relevant SECC Regulations

12. It has been alleged in the Notice, that while BSE had sought approval from SEBI for activities carried on by BTPL related to TReDS and KRA, BSE did not seek approval for the Relevant BTPL Services, viz. SWIFT, CLASS, eSIGNER and ARCSERVE.

13. At the outset, the comparison sought to be drawn by SEBI in relation to the Relevant BTPL Services vis-à-vis TReDS and KRA is without any rationale, whatsoever, and in absence of any material thereof in the Notice, is untenable. It is respectfully submitted that in order to compare the activities, it is of utmost importance that all the necessary aspects / features are considered to draw a comparison and not just a random factor for e.g in the instance, approval sought from SEBI.

14. Further, with respect to the Relevant BTPL Services, it is repeated and reiterated that the same do not fall within the scope of Regulation 38(2) of SECC Regulations 2018 or Regulation 41(3) of SECC Regulations 2012, as more particularly set out in the Reply. The Relevant BTPL Services fall within the ambit of "related" / "incidental" activities for the reasons stated in the Reply.

17. In any case, the Relevant BTPL Services are offered by BTPL, which is a separate legal entity from BSE, as more particularly set out in the Reply and the Relevant BTPL Services are carried on and offered by BTPL, without any involvement of BSE. It is further submitted that BSE avails the Relevant BTPL Services and substantial revenue of BTPL is received from BSE on account of services provided by BTPL to BSE.

18. Without prejudice to the aforementioned submission that the Relevant BTPL Services fall within the ambit of "related" / "incidental" activities, it is submitted that in any case, since these activities are being carried out by BTPL, the Relevant SECC Regulations would not apply, in so far as the Relevant SECC Regulations squarely apply only to *recognized stock exchanges or recognized clearing corporations, and neither of the respective provisions of the Relevant SECC Regulations make any mention of their application towards subsidiaries or associate companies of stock exchanges and their respective activities, as more particularly set out and submitted in the Reply.*

20. In addition, the conduct of BSE while seeking approval for TReDS and KRA cannot be juxtaposed to its conduct of not seeking approval for the Relevant BTPL Services, to hold that, even though the law did not require it, BSE was bound by its conduct of seeking approval for TReDS and KRA and therefore in not seeking approval for the Relevant BTPL Services, BSE was in violation of the Relevant SECC Regulations. It is a well settled principle that there can be no estoppel against law. BSE cannot be estopped solely due to an act of seeking approval for TReDS and KRA from intending that with respect to the Relevant BTPL Services, no such approval from SEBI was required under the Relevant SECC Regulations.

28. In light of the above discussion, it is submitted that at the time of making the Relevant SECC Regulations, it was never the intention of SEBI to extend the application of the abovementioned regulations to subsidiaries or associate companies of recognized stock exchanges and recognized clearing corporations or the activities undertaken by these entities or the investments made by such entities. On a plain reading interpretation of the unambiguous provisions, viz. Regulation 41(3) of the SECC Regulations 2012 as well as Regulation 38(2) of the SECC Regulations 2018, it is very evident that the said provisions do not extend to the subsidiaries or associate companies of stock exchange or their activities, much less to legal entities which fall neither in the definition of a subsidiary nor an associate as defined in these Regulations. The above regulations in clear, unambiguous and explicit terms apply only in so far as recognized stock exchanges and recognized clearing corporations are concerned. It is contrary to all rules of construction to read words such as "indirectly" into a provision unless it is absolutely necessary to do so, which is absent in the present case. BSE therefore submits that accordingly, the Regulation 41(3) of the SECC Regulations 2012 as well as Regulation 38(2) of the SECC Regulations 2018, cannot be applied to the activities and investments undertaken by subsidiaries or associate companies of the recognized stock exchanges and recognized clearing corporations.

29. Further, it is submitted that in case SEBI's interpretation of Relevant SECC Regulations is considered then the same would suggest that BSE must take SEBI's approval for each and every activity proposed to be undertaken by its subsidiary company which in itself is a separate legal entity (regardless of the fact whether such activity is related or not). Such an interpretation of the Relevant SECC Regulations would be self-defeating and render the Relevant SECC Regulations particularly that part which relates to a separate legal entity, otiose, which can never be an intent of the legislature.

30. Accordingly, it cannot be contended that BSE is "indirectly" carrying out activities through BTPL, BTISPL, METSPL, BIL RFPL, and Indus Water and has therefore "indirectly violated" the provisions of the Relevant SECC Regulations."

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS:

11. I have carefully perused the charges levelled against Noticee, the replies/submissions filed by the Noticee and the documents / evidence available on record. The issue that arise for consideration in the present case are :

    Issue I: Whether Noticee has violated the provisions of Regulation 38(2) of SECC Regulations 2018 r/w Regulation 41(3) of SECC Regulations 2012;

    Issue II: Does the violation, if any, attract monetary penalty under Section 15HB of SEBI Act;

    Issue III: If the answer to issue II is in affirmative, then what should be the quantum of monetary penalty.

12. Before moving forward, it is pertinent to refer to the relevant provisions which are reproduced hereunder:-

Regulation 41(3) of SECC Regulations, 2012, which came into effect from June 20, 2012 states that,

"The recognised Stock Exchange and recognised clearing corporation shall not engage in activities that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, except through a separate legal entity and as permitted by the Board."

Securities Contracts (Regulation) (SECC) Regulations, 2012 were repealed and replaced with Securities Contracts (Regulation) (SECC) Regulations, 2018 w.e.f. October 03, 2018. Regulation 38(2) of SECC Regulations, 2018 states that:

"The recognized stock exchange or recognized clearing corporation shall not carry on any activity whether involving deployment of funds or otherwise without prior approval of the Board:

Provided that prior approval shall not be required in case of treasury investments if such investments are as per the investment policy approved by the governing board of recognized stock exchange or recognized clearing corporation;

Provided further, that the recognized stock exchange and recognized clearing corporation may engage in activities whether involving deployment of funds or otherwise that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as *the case may be, except through a separate legal entity and subject to approval of the Board."*

13. I have gone through the submissions made by the Noticee and the other material on record and I now proceed to deal with the same.

Preliminary objection

14. Before going into the merits, I would like to first deal with the preliminary objection raised by the Noticee with regard to including subsidiaries or associate companies and their activities and investments. The Noticee submitted that it cannot be argued that the regulations 41(3) and 38(2) of the relevant SECC regulations respectively are to be read in a manner so as to include within their implied meaning, subsidiaries or associate companies of recognised stock exchanges and recognised clearing corporations and their activities and investments, since it is trite law in so far as the interpretation of statutes is concerned that such an implication can only be read into when from the other provisions of the Regulations, such an intent can be clearly deduced.

15. I do not accept the submission of the Noticee. In interpreting the said regulations, one has to consider the spirit of the law. The purpose of the provision is to enable the recognised stock exchange to engage in activities unrelated to its activity as a stock exchange but through a separate legal entity and with the approval of SEBI. Hence, it is implied that any legal entity created by the subsidiary of the Noticee shall be governed by the aforesaid provisions.

16. It is noted that regulations 38(2) of SECC Regulations, 2018 and 41(3) of SECC Regulations, 2012 are enabling provision and not a plain prohibitory provision. While it prohibits stock exchanges to carry out unrelated or non-incidental activities, it also allows them to undertake such activities through a separate legal entity but with the permission of SEBI. Therefore, an exception is in built in this provision. However, it is a settled position that in order to avail any relaxation/exemption/exception from the obligation under the rule, the attendant conditions therefor must be complied with. Further, the conditions of exemption are subject to strict interpretation. It is amply clear that in order to undertake

unrelated' and '*non – incidental'* activities, both the conditions namely; (i) to undertake such activities through a separate legal entity and (ii) with the permission of SEBI, under regulations 38(2) of SECC Regulations, 2018 read with 41(3) of SECC regulations, 2012, being mutually inclusive, must be fulfilled by the recognized stock exchange; and if both or either of them is not fulfilled the benefit of exception under regulations 38(2) of SECC Regulations, 2018 read with 41(3) of SECC regulations, 2012 will not be available.

17. In the present case, both BTPL and BIL are wholly owned subsidiary of the Noticee although they are separate legal entities. Now as the law has developed, the courts have laid down principles when a corporate veil can be lifted or pierced, to look at and take into account, the shareholders or entities in actual control of the company concerned. In the landmark decision of the Hon'ble Supreme Court in *New Horizons Ltd. v. Union of India*,[*(1995) 1 SCC 478*] the court observed that the corporate veil may be lifted and the independence of the corporate entity disregarded, in cases where the principle of corporate personality is flagrantly opposed to justice, convenience, or in the interest of revenue. On lifting the corporate veil, I find that both BTPL and BIL are created as separate legal entities to engage in activities including deployment of funds that are unrelated or not incidental to its activity as a stock exchange without the approval of SEBI.

18. The Noticee further submitted that SECC Regulations, 2018 are prospective in application and any action of the Noticee prior to its promulgation will not be saved by regulation 52 of the SECC Regulations, 2018 (Repeal and Savings). I have perused regulation 52 of SECC Regulations, 2018 which read as under:

> ***Repeal and savings***
> *52.(1) On and from the commencement of these regulations, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and the following circulars, shall stand rescinded:*
> *(a) Circular No. CIR/MRD/DSA/33/2012, dated December 13, 2012-Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations;*
> *(b) Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/30 dated January 22, 2016-Amendment to SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 pursuant to amendment in Regulation 2(1)(b) of SECC Regulations, 2012.*
> *(2) Notwithstanding such repeal,* ***anything done*** *or any action taken or purported to have been taken or contemplated under the repealed regulations and circulars* ***before the***

commencement of these regulations shall be deemed to have been done *or taken or commenced or contemplated* ***under the corresponding provisions of these regulations.***
(3) After the repeal of the regulations and circulars referred to in sub-regulation (1), any reference thereto in any regulation, guideline, circular or direction issued by the Board shall be deemed to be a reference to the relevant provisions of these regulations.

19. Regulation 52 of SECC Regulations, 2018 very clearly states that anything done which is in violation of SECC Regulations, 2012 shall be construed as a violation in the corresponding provisions of SECC Regulations, 2018. Hence, the submission the Noticee is not accepted.

20. The Noticee had also pointed out the inordinate and unexplained delay in issuing notice. In this regard, the Noticee has relied upon the order of the Hon'ble Securities Appellant Tribunal ("SAT") in the matter of Rajeev Bhanot & Ors Vs. SEBI (Appeal No. 396 of 2018, Appeal No. 405 of 2018 and Appeal No. 562 of 2019, SAT Order dated July 09, 2021).

21. I note that SEBI undertook examination of the Noticee for the period relating to all existing stakes/shares in other entities held by the Noticee and/ or its subsidiaries as on March 26, 2021. After conducting detailed examination in the matter, the competing authority vide communication dated October 28, 2021 appointed the undersigned as AO. Pursuant to that, SCN was issued on January 7, 2022. Hence there is no delay in issuing SCN as contended by the Noticee.

22. I note that the Noticee has also relied upon the ruling of the Hon'ble Apex Court in the matter of Government of India vs. Citedal Fine Pharmaceuticals Madras & Ors where it is held that in the absence of any period of limitation, it is settled that every authority is to exercise the power within a reasonable period. In this regard, I note that Hon'ble Apex Court has qualified the said ruling by saying that the reasonable time would depend upon the facts of each case. As regards application of the said ruling in this matter, I am of the view that present proceedings do not suffer from any infirmity on the ground of delay. Noticee has also not contended what prejudice has been caused to them in this regard. Hence the contention of the Noticee does not have any merit.

23. Now I proceed to deal with the case on merits.

Issue I : ***Whether Notice has violated the provisions of Regulation 38(2) of SECC Regulations 2018 r/w Regulation 41(3) of SECC Regulations, 2012;***

BSE Technologies Pvt. Ltd. (BTPL), Marketplace EBIX Technology Service Pvt. Ltd. (METSPL) and BSE Tech Infra Services Pvt. Ltd. (BTISPL) :

24. It is alleged that the Noticee through its wholly owned subsidiary BTPL in 2009 continued to carry out its activities without the approval of SEBI and had indirectly carried out unrelated /non-incidental activities through BTISPL and METSPL, which were subsidiaries of BTPL and alleged to have violated regulation 38(2) of SECC Regulations, 2018 r/w regulation 41(3) of SECC Regulations, 2012.

25. It is observed that BTPL was incorporated in 2005, was engaged in the business of development, consultation and support services in computer hardware, information technology, electronic commerce, etc. It became a wholly owned subsidiary of Noticee in 2009. The company provides Product Licensing service and other IT support services in back office solutions to BSE Limited as well as other clients. SEBI had earlier accorded approval to the Noticee under Regulation 38(2) of SECC Regulations, 2018 for carrying out the following activities through BTPL (erstwhile Marketplace Technologies Pvt. Ltd.) :

S.No	Activity Business	Date of approval
1.	TReDS (Trade Receivables Discounting System)	17-03-2020
2.	KRA (KYC Registration Agency)	28-04-2020

26. Thus, BTPL could carry out only TReDS and KRA related activities for which it received SEBI approval.

27. It was observed during examination that apart from the above BTPL was allegedly offering IT related products/services which were not related to the activities of the

Noticee as a stock exchange, to clients other than the Noticee and its subsidiaries. A brief overview of some of the products/ services offered by BTPL is as under:

SWIFT – It primarily involves providing SWIFT connectivity (by taking license from SWIFT) along with maintenance and support to banks and corporates.
License Sales (ARCSERVE) – It involves procuring licensed products/ softwares from distributors and selling it to the clients based on their requirements.
CLASS – It is a back office solution for large and medium scale broking houses.
eSIGNER – It is a bulk mailer software solution with tracking facilities used for sending emails with digital signatures.

It was alleged that approval of SEBI has not been taken for the above activities.

28. Noticee in its reply has submitted that BTPL is engaged in providing various technology solutions to BSE and the securities market. As per Section 2(j) of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**") defines the 'activity' of a stock exchange as '**assisting**, regulating or controlling the business of buying, selling or dealing in securities' and thus, the aforesaid Relevant BTPL Services are related and incidental since the same are towards assisting the business of buying, selling or dealing in securities.

29. With regard to Noticee's submission, I find that Noticee has attempted to define terms activity, engaged in, and unrelated / incidental in the context of regulation 41(3) of SECC Regulations, 2012. The said regulation provides that the recognised stock exchange and recognised clearing corporation shall not engage in activities that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, except through a separate legal entity and as permitted by the Board. The core issue according to me is interpretation of word 'stock exchange' and if we are able to define this term in true sense, then the meaning of other terms used, such as activity, unrelated, or not incidental, will automatically fall in line.

30. In regard to import of dictionary meaning, it is a well settled legal position that when a word is not defined in the Act itself, it is permissible to refer to dictionaries or any similar legislations to find out the sense in which that word is understood. However, in selecting one out of the various meanings of a word, regard must always be had to the context as it is a fundamental rule that "the meanings of

words and expressions used in an Act must take their colour from the context in which they appear". Therefore, "when the context makes the meaning of a word so clear, it becomes unnecessary to search for and select a particular meaning out of the diverse meanings a word is capable of, according to lexicographers". To stick to the context principle, while interpreting a term, it is always better to look for the meaning of the term within the act, rules, regulation as applicable.

31. In this regard, I refer to the residual definition clause, in regulation 2 (2) in SECC 2012, which, *inter alia*, provides as under:

> "(2) Words and expressions used and not defined in these regulations but defined in the Act*, the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be."
>
> [* Reg 2(1)(a) defines- "Act" means the Securities Contracts (Regulation) Act, 1956 (42 of 1956);]

32. Taking guidance from the above, I refer to the provisions of Sec 2 (j) of SCRA for the purpose of defining the term 'stock exchange'. See 2(j) of SCRA provides as under:

"stock exchange" means –

> *(a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or*
>
> *(b) a body corporate incorporated under the Companies Act, 1956 (1 of 1956) whether under a scheme of corporatisation and demutualisation or otherwise, for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities. (Emphasis supplied)*

33. In terms of the definition of term ‘stock exchange’ as defined above, if the investment activities matches with the activities of assisting, regulating or controlling the business of buying, selling or dealing in securities, then it can be fairly establish that these activities are related or incidental. Further the term ‘securities’ also needs to be kept in mind and which has been defined under sec 2(h) of SCRA in great detail***.***

34. I note that SECC Regulation was promulgated in 2012. Clause 41(3) of the Regulation which came into effect from June 2012 states that, ‘*The recognised Stock Exchange and recognized clearing corporation shall not engage in activities that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, except through a separate legal entity and as permitted by the Board.****’*** Noticee started its activities in CLASS and Esigner from 2005. I observe that SECC Regulation 2012 does not have any clause for applicability of the Regulation retrospectively. Hence I agree with the submission of the Noticee that the Regulation does not apply to the activities started by the Noticee from 2005 and thus not applicable to the activities in CLASS and eSIGNER.

35. With respect to SWIFT it is observed from the submissions of the Noticee that BTPL started offering SWIFT related services in pursuance of the Shared Infrastructure Agreement executed between SWIFT India Domestic Services and BTPL on November 15, 2017 which as submitted by the Noticee was prior to the promulgation of the SECC Regulation 2018. SWIFT provides connectivity to banks and corporates and is a well-recognised mode for transfer of funds and securities. The services provided by SWIFT are as follows:

    SWIFT
    Swift Service Bureau Connectivity – We have taken license from Swift to provide Swift connectivity to Banks and Corporates.
    Swift Maintenance Support – We provide support services to clients for maintaining their Swift environment. We provide onsite/remote services as per the requirement of the clients

Swift Customer Security Program Services – We offer Consultancy services for Audit practices to be carried out by clients to be compliant to Swift Audit Framework.

36. Further with respect To ACSERVE it is observed from the submissions of the Noticee that ARCSERVE is a 'Business Continuity Tool' which replicates the data from primary server to any other server, and can be availed by various entities including SEBI intermediaries. BTPL, as a part of its services, started procuring and providing the ARCSERVE software based on their client's requirements. in and around May, 2019.

37. As per SCRA, exchanges provide the platform for trading, settlement and dealing in securities. It is observed from the activities under Swift and ACSERVE that they are providing services to banks, corporates and SEBI intermediaries which are related to the business of stock exchange. Thus these activities are not totally unrelated to the activities of the Noticee.

38. In view of the above, the allegation of violation of Regulation 38(2) of SECC Regulations 2018 r/w Regulation 41(3) of SECC Regulations, 2012 against the Noticee in regard to BTPL does not stand established.

39. BTPL had also setup 2 subsidiaries, BTISPL and METSPL to carry out technology related activities. BTISPL, incorporated in 2011 as a wholly owned subsidiary of BTPL, was engaged in the business of development, programming, installation, implementation, up gradation, re-engineering, consultation and providing infrastructure and support services in computer software, hardware, information technology, etc. METSPL, incorporated in 2018 is a joint venture between BTPL & EBIX, which carries on the activity of rendering technological support to insurance related companies through the following activities:

    i) To act as representatives, agents, stockists, distributors, dealers, traders, designers, jobbers and marketing in all kind of softwares, computers, software development etc.

    ii) To manufacture and deal in Computer hardware and software.

iii) To provide management consultancy services in the fields of Information technology.

40. It has been alleged that both BTISPL and METSPL were involved in providing technology related services for which the Noticee had not taken approval from SEBI. Further, they were providing these services to clients not related to the securities market.

41. I observe that BTISPL, was incorporated in 2011 as a wholly owned subsidiary of BTPL. It is already stated above SECC Regulation was promulgated in 2012 and Clause 41(3) of the Regulation which came into effect from June 2012. As BTISPL was incorporated and engaged in activities before the promulgation of SECC Regulation, 2012, the provisions of regulation 41(3) of Regulation 2012 does not get attracted as there is no provision in the Regulations which gives retrospective effect. Thus, violation of regulation 38(2) of SECC Regulations, 2018 read with regulation 41(3) of SECC Regulations, 2012 in regard to BTISPL does not stand established.

42. With respect to METSPL it is observed that the entity was incorporated in 2018 as a joint venture between BTPL & EBIX, and carries on the activity of rendering technological support to insurance related companies. It is observed that METSPL was incorporated when SECC Regulation 2012 was in force. Further it is observed that METSPL was offering services which was not related to the activities of the Noticee. From the submissions of the Noticee, I find that it is unable to demonstrate how the activities of METPSL are related to the securities market. Further, regulation 41(3) of SECC Regulations, 2012, and regulation 38(2) of SECC Regulations, 2018, intend to ensure ring-fencing of the activities of the Stock Exchange from its unrelated activities by permitting such activities through a separate legal entity and with approval of the Board. Hence, after obtaining approval from SEBI, subsidiary is opened for an approved activity only. If a subsidiary carries out another activity without approval from SEBI, that defeats the purpose of the extant regulation.

43. Further, as already stated in paragraph 19, regulation 52 of SECC Regulations, 2018 clearly states that anything done which is under SECC Regulations, 2012 shall be deemed to have been done under the corresponding provisions of SECC Regulations, 2018.

44. In view of the same Noticee was under the obligation to take approval of SEBI for carrying on the activities indirectly through METSPL under regulation 38(2) of SECC Regulations, 2018 read with regulation 41(3) of SECC Regulations, 2012 which the Noticee failed to do. In view of the above, the allegation of violation of regulation 38(2) of SECC Regulations, 2018 r/w regulation 41(3) of SECC Regulations, 2012 in regard to MTESPL stands established.

<u>BIL Ryerson Futures Pvt. Ltd.</u>

45. It is observed that BSE Institute Limited (hereinafter referred to as "**BIL**") is a wholly owned subsidiary of the Noticee and a separate legal entity. BIL Ryerson Futures Private Ltd (hereinafter referred as "BIL RFPL") was incorporated on October 13, 2014 as a joint venture between BIL and Ryerson Futures Inc., a wholly owned subsidiary of Ryerson University, Canada. From the submission of the Noticee, I find that BIL had acquired 10.43% of stake of BIL RFPL at Rs. 15,000/-.
46. Further, from the records available before me I find that BIL RFPL is engaged in activities of setting up incubator and accelerator programme for e-commerce startup and related activities. I note that the activities in which BIL RFPL is engaged is no way related to assisting, regulating or controlling the business of buying, selling or dealing in securities as specified SCRA.

47. Noticee submitted that BIL RFPL is a separate legal entity which conducts its business activities independently in accordance with its charter documents with a separate and independent management and that Noticee does not have any direct shareholding or any special rights/power to appoint any directors on the board of BIL RFPL nor has it deployed any funds or intended to undertake any such activity of BIL RFPL except that BIL, a subsidiary of BSE holds 10.43% stake in BIL RFPL.

48. On perusal of section 38(2) of SECC regulations, 2018, I find that a recognized stock exchange can engage in activities whether involving deployment of funds or otherwise unrelated to its activity as a stock exchange only through a separate legal entity and with the approval of SEBI. This is an enabling provision where it allows stock exchanges to undertake such activities after satisfaction of two conditions. In order to avail this, the attendant conditions must be complied.

49. In the present case, the Noticee had undertaken activities unrelated or non-incidental to its activity as a stock exchange through BIL, a separate legal entity. Further, I note that BIL RFPL was incorporated in the year 2014 which is after the promulgation of SECC Regulations, 2012. The activities in which BIL RFPL is engaged is no way related to assisting, regulating or controlling the business of buying, selling or dealing in securities as specified in SCRA. However, the Noticee failed to take the approval of SEBI.

50. Further, as already stated in paragraph 19, regulation 52 of SECC Regulations, 2018 clearly states that anything done which is under SECC Regulations, 2012 shall be deemed to have been done under the corresponding provisions of SECC Regulations, 2018.

51. In view of the above, the allegation against the Noticee that it is indirectly carrying out unrelated/ non-incidental activities without the approval by SEBI, stands established and therefore the Noticee has violated Regulation 38(2) of SECC Regulations, 2018 r/w Regulation 41(3) of SECC Regulations, 2012.

Indus Water Institute Pvt. Ltd**.**

52. I note that Indus Water Institute Pvt. Ltd engaged in providing support to entrepreneurs in water and clean technologies. Further, I note from the records available before me, that the subsidiary of the Noticee, BIL had acquired 8% equity shares in Indus Water Institute Pvt. Ltd. on March 23, 2021 which is after the promulgation of SECC Regulations, 2012 and SECC Regulations, 2018.

53. I observe form the provisions of Regulation 38(2) that recognised stock exchange shall not carry on any activity whether involving deployment of funds or otherwise without prior approval of Board. Proviso to the Regulation also provides that recognized stock exchange may engage in activities whether involving deployment of funds or otherwise that are unrelated or not incidental to its activity as stock exchange except through a separate legal entity and subject to approval of SEBI. The Regulation thus provides two conditions:

    1) Stock Exchanges cannot engage in any activity including deployment of fund without the **prior approval of the Board**.
    2) Stock Exchanges may engage in deployment of fund or otherwise **only through separate legal entity**.

54. From the above it is clear that the Noticee can make investments or otherwise only through separate legal entity and prior approval of Board. Noticee in its reply have contended that the above Regulation does not apply to subsidiaries of BSEs. It is pertinent to mention here that subsidiaries of any entity is a separate legal entity as per law. BIL is a separate legal entity and a wholly owned subsidiary of the Noticee. BIL had acquired 8% stake in Indus Water Institute Ltd. It is observed that Indus Water provides support to entrepreneurs in water and clean technologies. Such activities are not related to the activities as carried out by the Noticee. Noticee, thus indirectly engaged in such activities which are not related to its activity as a stock exchange. Accordingly, prior approval of the Board by the Noticee was needed as required under the Regulation. Therefore, Noticee by not taking prior approval for investment in Indus Water through separate legal entity i.e. BIL has not complied with the regulation 38(2) of SECC Regulations, 2018 read with regulation 41(3) of SECC Regulations, 2012.

55. In view of the same, Noticee has violated regulation 38(2) of SECC Regulations, 2018 read with regulation 41(3) of SECC Regulations, 2012 by indirectly engaging in unrelated / non-incidental activities without the approval of the Board.

56. To conclude Noticee engaged indirectly in activities that are unrelated/ non incidental to its activities as stock exchange through BIL and thus violated

regulation 38(2) of SECC Regulations, 2018 r/w regulation 41(3) of SECC Regulations, 2012.

Issue No. II: Does the violation, if any, attract monetary penalty under Section 15HB of SEBI Act , 1992

57. In context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had observed: *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.''*

58. Therefore, the aforesaid violations committed by Noticees attract monetary penalty under section 15HB of the SEBI Act which read as follows:

"Section 15HB of SEBI Act: - Penalty for contravention where no separate penalty has been provided:
Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."

Issue No. III*: If the answer to issue no. II is in affirmative, then what should be the quantum of monetary penalty*?

59. While determining the quantum of penalty under, section 15HB of the SEBI Act the following factors have to be given due regard:

Factors to be taken into account by the adjudicating officer under SEBI Act

15J. *While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default

Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer *to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section*

60. In the present matter, it is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee. It is not possible from the material available on record to ascertain the disproportionate gain or unfair advantage made by the Noticee or the amount of loss caused to an investor or group of investors as a result of the default. I find that each activities constitute an independent violation and as such there are 3 instances of violations of the provisions of SECC Regulations, 2018 read with SECC Regulations, 2012. I also note that there are no further instances of violation of SECC Regulations, 2018 by the Noticee. Hence the default is not repetitive in nature.

ORDER

61. Having considered all the facts and circumstances of the case, the material available on record as well as the factors mentioned in and section 15J of SEBI Act I, in exercise of the powers conferred upon me under section 15HB of the SEBI Act hereby impose the penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on the Noticee. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

62. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link:

    ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

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

63. Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – II of SEBI. Noticee shall provide the following details while forwarding DD/ payment information:

    i. Name and PAN of the entity (Noticee)
    ii. Name of the case / matter
    iii. Purpose of Payment – Payment of penalty under AO proceedings
    iv. Bank Name and Account Number
    v. Transaction Number

64. In the event of failure to pay the said amount of penalty by Noticee within 45 days of the receipt of this Order, recovery proceedings may be initiated against Noticee under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

65. In terms of the provisions of Rule 6 Adjudication Rules, copy of this order is being sent to Noticee and to SEBI.

Date: July 29, 2022
Place: Mumbai

BARNALI MUKHERJEE
Adjudicating Officer