

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/JR/2025-26/31414)**

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

**Seema Jain
PAN: ADAPJ7255R
SEBI Registration No.: INH100006667**

In the matter of Seema Jain – Research Analyst

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of SEBI registered Research Analyst, Ms. Seema Jain (hereinafter referred to as "**Noticee**") for the period April 01, 2021 to October 31, 2022 (hereinafter also referred as '**inspection period**') to look into the compliance with regulatory requirements stipulated under SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**'), SEBI (Research Analysts) Regulations, 2014 (hereinafter referred to as "**RA Regulations**") and circulars and guidelines framed thereunder.

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of SEBI Act and RA Regulations by the Noticee, SEBI, in exercise of powers u/s 19 r/w sub-section (1) of section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**") appointed Shri Shashikumar Valsakumar as Adjudicating Officer (hereinafter referred to as "**AO**"), vide order dated May 28, 2024, to inquire into and adjudicate the alleged violations by the Noticee. Upon transfer of the matter, the undersigned was appointed as the Adjudicating Officer, vide order dated November 22, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice Ref. No. SEBI/HO/EAD-8/AS/VC/31675/1-2/2024 dated October 8, 2024 (hereafter referred to as “**SCN**”) was issued to the Noticee in terms of rule 4(1) of the Adjudication Rules r/w Section 15-I of SEBI Act requiring the Noticee to show cause as to why an inquiry should not be held against her and why penalty, if any, should not be imposed on her under the provision of section 15EB of SEBI Act for the alleged violation stated in the SCN.
4. The brief of alleged violations by the Noticee as per the SCN is given hereunder;
 - 4.1 Not holding certificate required for Research Analysts (hereinafter referred to as “**RA**”).
 - 4.2 Non-maintenance of records – non-compliance with annual audit, non-maintenance of records of research recommendations, non-maintenance of record of public appearance, non-maintenance of records of rationale for recommendations provided by RA
 - 4.3 Trading in the restricted period on multiple instances by the RA and her associate
 - 4.4 Violations in respect of contents of report
 - 4.5 Violations in respect of disclosures in research reports and recommendations in public media
 - 4.6 Violations observed in respect of processes related to redressal of investor grievances
 - 4.7 Non-compliance with the conditions of the certificate
5. The Noticee, vide letter dated October 30, 2024, submitted its reply to the SCN the relevant portion of the reply is reproduced as under:
 - 5.1 *Noticee carries out her research analyst activity from the proprietorship firm of M/s. Concepts, which was duly intimated to the SEBI at the time of registration. Furthermore, StockPro is a Partnership firm which was incorporated on 21st February, 2018 i.e. prior to the obtaining of SEBI registration by the Noticee. The firm 'StockPro' is an*

online training institute spearheaded by Noticee wherein they educate the investors by offering courses to them.

5.2 Certificate Requirement

5.2.1 During the period from April 02, 2022 to March 02 2023, the Noticee inadvertently failed to maintain a valid NISM Certificate as the Noticee mistakenly believed the certificate only required a one•time acquisition and remained valid for life, with only the SEBI registration needing renewal. Upon recognizing this error upon the SEBI inspection, the Noticee promptly enrolled for the examination and successfully passed the NISM exam.

5.2.2 Further, in the said period the Noticee has not provided any research services to any of her clients. Therefore, the Noticee respectfully request SEBI to consider the said violation with leniency.

5.3 Non-maintenance of records

5.3.1 Non-compliance with annual audit: With respect to the said allegation, the Noticee would like to state that in the RA Regulations there has been no timeline stated for getting the compliance audit conducted. Further, the Noticee has appointed an auditor and will provide the Audit reports as in when the Audit gets completed. Hence, the Noticee shall not be charged with the non-compliance of Regulation 25(3) of the RA Regulations.

5.3.2 Non-maintenance of records of research recommendation: With respect to the said allegation, the Noticee would like to state that the Noticee has duly maintained the records of all the recommendations provided by her, which can be verified from the Exhibit-C, wherein the records of recommendations provided are enclosed. The records of recommendations maintained by the Noticee will differ from the recommendations published on the Telegram channel as the telegram channel is run by a different entity called: 'StockPro', which sells its educational courses and publishes its research on the channel for the educational purpose only.

5.3.3 Non-maintenance of record of public appearance: The Noticee had duly maintained the record of public appearances.

5.3.4 Non-maintenance of record of rationale for recommendations provided by the RA: The Noticee had duly maintained the record of rationale for all the recommendations provided by her.

5.4 Trading in the restricted period on multiple instances by the RA and her associate

5.4.1 In response to the said allegation, the Noticee would like to state that the Noticee has not traded in the securities which she has recommended to her clients, the instances which the SEBI is considering as research recommendation, in actual, it is not the recommendation, it is part of the live trading which the Noticee does to educate the investors. As the object of the partnership firm: 'StockPro' is to offer educational services, so it has in the part of its service has just showcased the performance/accuracy of its research services **and** also said calls were for just watch purpose and not for trading.

5.5 Violations in respect of contents of report

5.5.1 In response to SEBI's allegation, the Noticee categorically deny any such claims. The Noticee was not indulged in providing any research report rather, she was just providing research recommendations as per the Regulation 2(u)(iii) of the RA Regulations. It is nowhere being mandated that the Research Analysts shall publish the research report. The Research Analysts may be primarily responsible for just providing the 'buy/sell/hold' recommendations.

5.5.2 Further, mere sending of research recommendation through Telegram does not constitutes to be a research report as it is just used as a medium to disseminate the research recommendations to the clients just like SMS.

5.5.3 Also, the recommendations made to the clients, didn't contained any such terms for which explanation/definition was needed. All the words used in providing the recommendations were in layman language such as Target, Stop Loss; which any investor could easily understand, which were also being explained to the clients prior to the start of the services.

5.5.4 Furthermore, with respect to the allegation made by the SEBI that the Noticee has not provided the graphs of daily closing price of such securities is invalid as the same is not applicable to the Noticee as she was nowhere involved in issuing any research reports

5.6 Violations in respect of disclosures in research reports and recommendations in public media

5.6.1 With regard to the said allegation, the Noticee would like to state that the disclosure requirement was not applicable as the views were offered through a separate educational platform "StockPro".

5.6.2 As explained above, SEBI has misinterpreted the provision, as mere sending of research recommendation through Telegram and offering its view/opinion on the market or scripts through public platform like YouTube without charging fees shall not be construed to be a research report.

5.7 Violations observed in respect of processes related to redressal of investor grievances

5.7.1 Regarding the alleged violation concerning the redressal of investor grievances, the Noticee would like to clarify that post the SEBI registration the Noticee had tried to connect with the SEBI several times for the SCORES Registration, but no response was received and later wards, SEBI itself had come up with the Circular on 2 August 2019 wherein it was mentioned that there is no requirement of submitting Form-B for registered intermediaries and user id and password will be generated automatically. Hence, the Noticee was waiting for a revert from the SEBI. Moreover, in the said tenure, no complaints were received and hence the delay has not led to any issues to the clients.

5.7.2 Further, the Noticee has always immediately taken adequate steps to redress the client's grievances; and has always filed the Action Taken Report (ATR) in a timely manner i.e., within 30 days. However, many a times there was delay from client's end in reaching upon the final conclusion and hence the final resolution took longer time period.

5.8 Non-compliance with the conditions of the certificate

5.8.1 In response to SEBI's allegation, the Noticee categorically deny any such claims. StockPro has not offered any unregistered research analyst services as discussed in the earlier Paragraphs of the reply. StockPro's scope of work was just restricted to offering educational services.

5.8.2 The firm: StockPro has never offered any research analyst services as the said firm was involved in providing educational services. The Noticee being a SEBI registered Research Analyst has only offered research analyst services through her firm: M/s. Concepts. Further, the firm StockPro was incorporated way before obtaining the registration from the SEBI and nowhere during the registration process, SEBI had

asked to disclose interest in any existing partnership entities and hence violation of 12(1) of the SEBI Act is not valid.

6. Vide email dated December 19, 2024, it was informed that the Noticee has filed an application under SEBI (Settlement Proceedings) Regulations, 2018 in the matter. Later, vide email dated February 11, 2025, it was informed that the said settlement application has been withdrawn.
7. An opportunity of personal hearing was granted to the Noticee on March 17, 2025, vide hearing notice dated February 17, 2025. Noticee appeared on the scheduled date and reiterated the submissions made vide its reply dated October 30, 2024.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have taken into consideration the submissions of the Noticee, facts of the matter and material available on record. The issues that arise for consideration in the present case are as follows:

ISSUE No. I: Whether the Noticee violated various provisions of SEBI Act, RA Regulations and circulars issued thereunder, as alleged in the SCN?

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15EB of SEBI Act?

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

9. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticee. The said provisions are reproduced hereunder:

RA Regulations:

Qualification and certification requirement.

7. (2) An individual registered as research analyst under these regulations, individuals employed as research analyst and partners of a research analyst, if any, shall have, at all

times, a NISM certification for research analysts as specified by the Board or other certification recognized by the Board from time to time:

Provided that research analyst or research entity already engaged in issuance of research report or research analysis seeking registration under these regulations shall ensure that it or the individuals employed by it as research analyst and/or its partners obtain such certification within two years from the date of commencement of these regulations:

Provided further that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements.

Conditions of certificate.

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

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

Limitations on trading by research analysts.

16. (2) *Independent research analysts, individuals employed as research analyst by research entity or their associates shall not deal or trade in securities that the research analyst recommends or follows within thirty days before and five days after the publication of a research report.*

Limitations on publication of research report, public appearance and conduct of business, etc.

18. (7) *Research analyst or research entity shall have adequate documentary basis, supported by research, for preparing a research report.*

Disclosures in research reports.

19. *A research analyst or research entity shall disclose all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such other information as is necessary to take an investment decision, including the following:*

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

- (a) whether the research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest;*
- (b) whether the research analyst or research entity or its associates or relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;*
- (c) whether the research analyst or research entity or his associate or his relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance;*
- (ii) Research analyst or research entity shall disclose the following in research report with regard to receipt of compensation:*
- (a) whether it or its associates have received any compensation from the subject company in the past twelve months;*
- (b) whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;*
- (c) whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;*
- (d) whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;*
- (e) whether it or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report.*
- (iii) Research analyst or research entity shall disclose the following in public appearance with regard to receipt of compensation:*
- (a) whether it or its associates have received any compensation from the subject company in the past twelve months;*
- (b) whether the subject company is or was a client during twelve months preceding the date of distribution of the research report and the types of services provided: Provided that research analyst or research entity shall not be required to make a disclosure as per sub-clauses (c), (d) and (e) of clause (ii) or sub-clauses (a) and (b) of clause (iii) to the extent such disclosure would reveal material non-public information regarding specific potential*

future investment banking or merchant banking or brokerage services transactions of the subject company.

(iv) whether the research analyst has served as an officer, director or employee of the subject company;

(v) whether the research analyst or research entity has been engaged in market making activity for the subject company;

(vi) Research analyst or research entity shall provide all other disclosures in research report and public appearance as specified by the Board under any other regulations.

Contents of research report.

20. (1) Research analyst or research entity shall take steps to ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used.

(3) If a research report contains either a rating or price target for subject company's securities and the research analyst or research entity has assigned a rating or price target to the securities for at least one year, such research report shall also provide the graph of daily closing price of such securities for the period assigned or for a three-year period, whichever is shorter.

Recommendations in public media.

21. (1) Research analyst or research entity including its director or employee shall disclose the registration status and details of financial interest in the subject company, if he makes public appearance.

Maintenance of records.

25. (1) Research analyst or research entity shall maintain the following records:

(i) research report duly signed and dated;

(ii) research recommendation provided;

(iii) rationale for arriving at research recommendation;

(iv) record of public appearance.

(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:

Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.

(3) Research analyst or research entity shall conduct annual audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India.

General responsibility.

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

THIRD SCHEDULE

Code of Conduct for Research Analyst

1. Honesty and Good Faith

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

2. Diligence

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

3. Conflict of Interest

Research analyst or research entity shall effectively address conflict of interest which may affect the impartiality of its research analysis and research report and shall make appropriate disclosures to address the same.

6. Professional Standard

Research analyst or research entity or its employees engaged in research analysis shall observe high professional standard while preparing research report.

7. Compliance

Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

SEBI Research Analyst Examination: Notification dated March 24, 2015:

2. It is hereby notified that with effect from the date of this notification, any person acting or desirous of acting as research analyst under the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 ("the Regulations"), shall obtain certification from the National Institute of Securities Markets (NISM) by passing the "NISM-Series-XV: Research Analyst Certification Examination", as mentioned in the NISM communique No. NISM/Certification/Series-XV: Research Analyst/2015/01 dated February 16, 2015.

SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014:

5. All newly listed companies and SEBI registered intermediaries (excluding Stock Brokers, Sub-Brokers and Depository Participants) are hereby advised to send their details as per Form-A and Form-B annexed to this Circular, respectively to SEBI in hard copy and by email to scores@sebi.gov.in and obtain SCORES user id and password immediately within a period of one month from the date of listing. The email id to be furnished by the listed company / SEBI registered intermediary for receiving SCORES user id and password from SEBI has to be preferably a corporate email id and necessarily a permanent one. Failure by any listed company or SEBI registered intermediary to obtain the SCORES user ID and password would not only be deemed as non-redressal of investor grievances but also indicate willful avoidance of the same. The existing listed companies which have failed to obtain authentication will be dealt with in accordance with para 15 below.

.....

9. All listed companies and SEBI registered intermediaries shall review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The listed companies and SEBI registered intermediaries to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The listed companies and SEBI registered intermediaries shall keep the complainant duly informed of the action taken thereon.

.....

13. Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.

SEBI circular no. SEBI/HO/IMD/IMD-IICIS/P/CIR/2021/0685 dated December 13, 2021:

.....

2. All registered Research Analysts are advised to bring to the notice of their clients the Investor Charter as provided at Annexure- A by prominently displaying on their websites and mobile applications. Research Analysts not having websites/mobile applications shall, as a one-time measure, send Investor Charter to the investors on their registered e-mail address.

Note: For detailed/ complete text of the provisions, relevant Acts, Regulations, Circulars etc., may be referred.

10. I now proceed to deal with the issues on merit in the following paras;

ISSUE No. I: Whether the Noticee violated various provisions of SEBI Act, RA Regulations and circulars issued thereunder, as alleged in the SCN?

10.1. In respect of allegation that Noticee did not hold certificate required for Research Analysts

10.1.1. I note from the SCN that NISM certification held by the Noticee expired on April 02, 2022 and the fresh NISM certificate was obtained only on March 02, 2023. Thus, Noticee did not hold valid NISM certification from April 02, 2022 to March 01, 2023.

10.1.2. The Noticee has admitted that she mistakenly believed that the certificate only required a one-time acquisition and remained valid for life, with only SEBI registration needing renewal. Upon recognizing the error, she enrolled for the examination and successfully passed the NISM exam.

10.1.3. I note that the applicable provisions in this regard are quite clear and clearly state that a research analyst shall have, at all times, a NISM certification for research analysts. Noticee has admitted that she did not hold a valid certificate from April 2, 2022 to March 1, 2023. Therefore, the allegation of violation of regulation 7(2) of RA Regulations stands established.

10.2. In respect to the allegation for non-maintenance of records.

10.2.1. Non-compliance with annual audit: I note from the SCN that during inspection the Noticee failed to carry out annual audit from a member of Institute of Chartered Accountants of India (ICAI) or Institute of Company Secretaries of India (ICSI).

10.2.1.1 The Noticee submitted that as there was no timeline provided for getting the compliance, the Noticee appointed an auditor subsequent to the inspection and shall provide the report when it is completed.

10.2.1.2 I note that the Noticee accepted that she failed to carry out annual audit from a member of ICAI/ ICSI. However, she contended that there is no violation of regulation 25(3) of RA Regulations as there is no timeline prescribed therein. I note that the inspection was carried out on November 21, 2022 for the inspection period which was more than 7 months from the end of the financial year. Although there is no timeline prescribed in the RA Regulations, a SEBI registered intermediary is expected to abide by it letter and spirit in a reasonable time. In view of the above, I find that the allegation of violation of regulation 25(3) of RA regulations stand established.

10.2.2. Non-maintenance of records of research recommendations: I note from the SCN that Noticee has not maintained arms-length distance between StockPro and herself as an RA and hence, all reports/recommendations published on the Telegram channels run by Noticee are deemed to have also been run by Noticee as an RA.

10.2.2.1 During inspection, the records of recommendations/reports maintained by the RA in excel sheet were obtained and compared with the recommendations published in Telegram group / channel (StockPro online: https://t.me/stockpro_online) for 2 sample dates. On analysing and comparing the recommendations published by Noticee on said 2 sample dates vis à vis the records maintained by the Noticee indicated that the records maintained by Noticee were incomplete and did not contain all the recommendations given in aforesaid Noticee's Telegram channel and Noticee has not given any specific response to the inspection findings.

10.2.2.2 The Noticee submitted that the records of recommendations maintained by the Noticee differed from the recommendations published on the Telegram channel as the telegram channel is run by a different entity called: 'StockPro', which sells its educational courses and publishes its research on the channel for the educational purpose only. She also submitted that she has duly maintained all records.

10.2.2.3 I note that regulation 2(w) of RA Regulations defines “research report” as “written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing for basis for investment decision”. As the recommendation given by the Noticee and her associate in StockPro contained research recommendation, it can be construed as research report. As the Noticee did not maintain arms –length distance between StockPro and herself as RA, the recommendations given in StockPro shall also be considered as research recommendations given by her. Therefore, the Noticee was bound to maintain complete records which she has failed. Further, the records maintained and produced before me were not duly signed as required under provisions of RA Regulations so the veracity of the same cannot be ascertained. In view of the above, the allegation of violation of regulation 25(1)(ii) of RA regulations by the Noticee stands established.

10.2.3. Non-maintenance of record of public appearance: I note from the SCN that RA has made public appearances and made recommendations on YouTube channel of StockPro i.e. <https://www.youtube.com/@Stockpro>. An analysis in respect of records of research reports / recommendations and rationale as submitted by the RA vis-à-vis the records as present in the YouTube channel of StockPro was done. It was observed that the records for videos containing recommendations on scrips published on YouTube channel of StockPro were not maintained by the Noticee as required under Regulation 25(1)(iv) of RA regulations.

10.2.3.1 Noticee submitted that proper record of public appearance was maintained by her. She also submitted a list (excel sheet) in support of her submissions. However, it was noted by the inspection team of SEBI that no such record was maintained by her. There is no evidence to show that proper record of public appearance was maintained by her during the inspection period as the sheets were not even digitally signed. In view of the above, I find that the allegation of violation of regulation 25(1)(iv) of RA Regulations stands established.

10.2.4. Non-maintenance of records of rationale for recommendations provided by the

RA: I note from the SCN that during inspection the Noticee did not maintain records of rationales for arriving at research recommendations provided by her as required under Regulation 25(1)(iii) of RA regulations.

10.2.4.1 Noticee submitted that she duly maintained the record of rationale for all recommendations provided by her.

10.2.4.2 From the documents (excel sheet) submitted by the Noticee I find that Noticee has maintained some records of rationales for arriving at research recommendations provided by her. However, there is no evidence that the same was maintained by the Noticee during the period of inspection. Further, the veracity of the documents submitted by the Noticee can also not be verified as the sheets are not even digitally signed. In view of the above, the allegation of violation of regulation 25(1)(iii) of RA Regulations by the Noticee stands established.

10.2.5. Further, I note that the records of the Noticees were not maintained and preserved for a period of five years. The electronic data provided by her was not even digitally signed, so the authenticity of the same is questionable. Being a SEBI registered intermediary, the Noticee was expected to act honestly and in good faith and comply with all the regulatory compliances. However, it is noted that the Noticee failed to do so. In view of the above, I note that the allegation of violation of regulation 25(1)(i), (ii), (iii), (iv) read with 25(2) and 25(3) of RA Regulations and Clauses 1 and 7 of Code of Conduct for RA stands established.

10.3. In respect of allegation that she and her associate traded in the restricted period on multiple instances:

10.3.1. I note from the SCN that Noticee and her associate i.e. Ms. Anushka Rajora traded in the stocks recommended by the Noticee, during the restriction period i.e. 30 days before and 5 days after the publication of research

reports/recommendations in the scrips recommended by the RA, in at least 268 and 29 instances, respectively.

10.3.2. Noticee submitted that she has not traded in the securities which she had recommended to her clients. The instances which SEBI is referring to were part of live trading which the Noticee does to educate the investors as part of the partnership firm 'StockPro'.

10.3.3. As already discussed above, the research recommendations given by the Noticee through her associate StockPro shall be deemed as 'research report' under regulation 2(w) of RA Regulations. Therefore, in view of regulation 16(2) of RA Regulations, the Noticee and her associate was barred from dealing in securities within 30 days before and 5 days after the publication of a research report, irrespective of the purpose. I note that the Noticee did not deny dealing in securities in the relevant period. The Noticee was expected to act honestly and in good faith and comply with all the regulatory compliances. In view of the above, I find that the allegation of violation of regulation 16(2) of RA Regulations and clauses 1 and 7 of Code of Conduct for RA by the Noticee stands established.

10.4. In respect to the allegation of the contents of report.

10.4.1. I note from the SCN that Noticee provided recommendations in the name of StockPro without recording any rationale for the same and in absence of such records it was noted that RA published research reports / recommendations without any adequate documentary basis, supported by research, for preparing a research report allegedly in violation of Regulation 18(7) of RA Regulations.

10.4.2. From the records of recommendations as provided by the RA in PIQ at point 19 and from the extract of recommendations taken from the Telegram group of the RA, it was alleged that RA does not define the terms used by it while making the recommendations in terms of Regulation 20(1) of RA Regulations.

10.4.3. Further, I note that RA has published 7 reports in her Telegram group (StockPro online: https://t.me/stockpro_online) wherein she has given a target period of 1 year. However, it was alleged from the extracts of the said

Telegram group that RA has not provided the graph of daily closing price of such securities for the period assigned or for a 3 year period, whichever is shorter as required under Regulation 20(3) of the RA Regulations.

10.4.4. Therefore, it is alleged that by giving recommendations without adequate documentary basis, supported by research and reliable information, by not defining the terms while publishing reports / recommendations and by not providing the relevant graphs of the daily closing price of securities, Noticee has violated the provisions of Regulation 18(7), 20(1) & 20(3) of RA Regulations and Clauses 2, 6 and 7 of Code of Conduct for RA.

10.4.5. The Noticee submitted that she was not indulging in providing any research report rather was giving research recommendation. Sharing the research recommendation through Telegram does not constitute to be research report as it was just a medium of dissemination of research recommendation. Also the recommendations made to the clients did not contain any such terms for which explanation/ definition was needed. All the words used in the recommendation was in layman language. Further, graphs of daily closing price was not required as she was not making research reports.

10.4.6. As already discussed above, the research recommendations given by the Noticee through her associate StockPro shall be deemed as 'research report' under regulation 2(w) of RA Regulations. As Telegram channels are commonly used for research services and subscribers of courses offered by StockPro, all recommendations provided in the Telegram channels are treated as research reports published by the RA. Additionally, the Noticee failed to provide graphs of daily closing price of such securities for the assigned period. In view of the above, I find the allegation of violation of regulation 18(7), 20(1) & 20(3) of RA Regulations and Clauses 2, 6 and 7 of Code of Conduct for RA by the Noticee stands established.

10.5. In respect to the allegation of violations in respect of disclosures in research reports and recommendations in public media:

- 10.5.1. I note from the SCN that the Noticee did not provide any of the necessary disclosures in her recommendations / reports in terms of the provisions of Regulation 19 of RA Regulations.
- 10.5.2. Furthermore, as observed and declared by the Noticee, she is making public appearances *inter alia* through her Youtube channel. As perused from the recommendation videos and the disclaimer provided by the RA under the about section of the said Youtube channel (<https://www.youtube.com/@Stockpro/about>), it was observed that RA has not provided any disclosure in respect of her registration status, details of financial interest in the subject company and any of the prescribed disclosures in terms of the provisions of Regulation 19 and 21(1) of RA Regulations related to disclosures to be made in respect of recommendations in public media / appearances.
- 10.5.3. Further, as brought out hereinabove, it was observed that Noticee has traded in the scrips recommended by her during the restricted window and therefore, Noticee was having financial interest in the scrips recommended by her. In view of the same, the said financial interest of the Noticee should have been disclosed in terms of Regulations 19 of RA Regulations, however, it was not disclosed by the RA.
- 10.5.4. Noticee submitted that the disclosure requirement was not applicable as the views were offered through a separate educational platform "StockPro". SEBI misinterpreted the provision as mere sending of research recommendation through Telegram and offering its view/ opinion on the market or scripts through public platform like YouTube without charging fees shall not have construed to be a research report.
- 10.5.5. As already discussed above, the research recommendations given by the Noticee through StockPro shall be deemed as 'research report' under regulation 2(w) of RA Regulations. Accordingly, in terms of regulation 19 and 21(1) of the RA Regulations, the Noticee was should have disclosed all material information about herself including business activity, disciplinary history, any financial interest in the subject company. However, I note that the Noticee failed to make any such disclosures. In view of the above, I find that

the Noticee has violated regulation 19 and 21(1) of RA Regulations and Clauses 1, 3 and 7 of Code of Conduct for RA.

10.6. In respect to the allegation of violation observed in respect of processes related to redressal of investor grievances:

10.6.1. I note from the SCN that Noticee had belatedly obtained SCORES login ID post receipt of a SCORES complaint on August 30, 2021, which is after three years of her registration. Further, from perusal of the SCORES database, it was alleged that Noticee had received four complaints during the inspection period and resolved all the four complaints beyond the prescribed timelines of 30 days. Further, upon perusal of the website extracts of the RA, it is observed that the RA has not published the prescribed investor charter and the disclosures in respect of investor complaints on her website.

10.6.2. Noticee submitted that after getting registration, Noticee tried to connect with SEBI but received no response. Further vide circular dated August 2, 2019 SEBI clarified that there was no requirement of submitting Form B for registered intermediaries and user id and password will be generated automatically. Noticee further submitted that she has taken adequate steps to redress clients' grievances in a timely manner within 30 days but many a times there was delay from client's end.

10.6.3. I note that the requirement to obtain the SCORES authentication within 1 month of date of registration was applicable when the Noticee got her certificate of registration on December 14, 2018 and the SEBI circular removing the requirement to apply and acquire SCORES authentication was only issued on August 2, 2019. Further I note that although the Noticee stated that she tried to connect with SEBI for SCORES registration after she was registered as an RA, there was no supporting document provided by her. In the absence of the same, the submission of the Noticee cannot be accepted. Though no investor grievance was lodged against the Noticee till 2021, the Noticee was obligated to obtain the SCORES authentication.

10.6.4. Being a SEBI registered intermediary, it was the duty of the Noticee to redress the grievance of the Noticee within 30 days. In such a situation, the Noticee

cannot shift the onus on her clients for the delay in the absence of any supporting evidence.

10.6.5. Further, the Noticee did not make any submission regarding the allegation of her not publishing the investor charter or details of investor complaints on the website. Therefore, the same is being treated as acceptance of the allegation charge.

10.6.6. In view of the above, I find that the allegation of violation of Clauses 5 and 9 read with Clause 13 of SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014, Clause 2 of SEBI circular no. SEBI/HO/IMD/IMD-IICIS/P/CIR/2021/0685 dated December 13, 2021 and Clauses 1 and 7 of Code of Conduct for RA by the Noticee stands established.

10.7. In respect to the allegation of non-compliance with the conditions of the certificate:

10.7.1. I note from the SCN that Noticee had violated many provisions of the RA Regulations and SEBI circulars / guidelines issued under the provisions of the SEBI Act. Hence, it is alleged that RA has violated the provisions of Regulation 13(i) of RA Regulations. Further, it was alleged that the Noticee despite being registered as an individual Research Analyst with SEBI, offered research analyst services in the name of StockPro, a partnership firm since January 10, 2017. The Noticee had not informed SEBI about this material information and has hidden this material information while seeking registration from SEBI. Noticee had also not sought any registration in the name of the said partnership firm, StockPro till date. Accordingly, it is observed that the Noticee had failed to inform SEBI in writing the material information in respect of her unregistered research analyst activities in the name of StockPro and therefore, it is alleged that Noticee has violated the provisions of regulation 13(ii) of RA Regulations.

10.7.2. Noticee denied that she had offered any unregistered research analyst services as StockPro as it was involved only in providing educational services. Further, StockPro was incorporated way before she obtained registration as

RA and nowhere during registration process, SEBI had asked to disclose interest in any existing partnership entities.

10.7.3. It was noted during inspection that the Noticee has not maintained arms-length distance between her research analyst services and the educational courses offered by her partnership firm viz., Stockpro. As all the recommendations given by the Noticee are 'research reports' under regulation 2(w) of RA Regulations, I note that the Noticee has failed to abide by the provisions of RA Regulations and SEBI circulars and guidelines. Further, I note that the Noticee failed to update SEBI about the partnership firm StockPro through which the Noticee also used to provide research reports. Therefore, while obtaining registration the Noticee provided false information to SEBI. In view of the above, the allegation of violation of regulation 13(i) and (ii) of RA Regulations and Clauses 1 and 7 of Code of Conduct for RA by the Noticee stands established.

11. The Noticee also referred to the order of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") in the matter of Religare Securities Ltd. v SEBI (order dated June 6, 2011) wherein it was held that the purpose of inspection was not punitive and every minor discrepancy cannot be converted into a violation unless there is a serious lapse. In this regard, I note that each matter is peculiar in its facts and circumstances based on which the violations are ascertained. I am of the opinion that facts and circumstances of each matter are unique in nature and are accordingly dealt with and decided. Hence, any generic parallel drawn would be devoid of merit. Further Hon'ble SAT in the same order dated June 16, 2011 referred by the Noticee stated *"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."*

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s Section 15EB of SEBI Act, as applicable?

12. From the foregoing, it is observed that Noticee has violated the following:-
- 12.1 Regulation 7(2) of RA Regulations r/w SEBI Research Analyst Examination: Notification dated March 24, 2015 and Clause 7 of Code of Conduct as specified in Third Schedule under the Regulation 24(2) of RA Regulations
 - 12.2 Regulation 25(1)(i), (ii), (iii), (iv) read with 25(2) and 25(3) of RA Regulations and Clauses 1 and 7 of Code of Conduct for RA
 - 12.3 Regulation 16(2) of RA Regulations and Clauses 1 and 7 of Code of Conduct for RA.
 - 12.4 Regulation 18(7), 20(1) and 20(3) of RA Regulations and Clauses 2, 6 and 7 of Code of Conduct for RA.
 - 12.5 Regulation 19 and 21(1) of RA Regulations and Clauses 1, 3 and 7 of Code of Conduct for RA.
 - 12.6 Clauses 5 and 9 read with Clause 13 of SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014, Clause 2 of SEBI circular no. SEBI/HO/IMD/IMD-IICIS/P/CIR/2021/0685 dated December 13, 2021 and Clauses 1 and 7 of Code of Conduct for RA.
 - 12.7 Regulation 13(i) and 13(ii) of RA Regulations and Clauses 1 and 7 of Code of Conduct for RA.

13. Hence, in view of the findings as given above, I am convinced that the Noticee is liable for monetary penalty under section 15EB of the SEBI Act for violation of provisions of RA Regulations and circulars thereunder.

14. The provisions of Section 15EB of the SEBI Act read as under:

Penalty for default in case of investment adviser and research analyst.

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee after taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

15. While determining the quantum of penalty u/s 15EB of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

SEBI Act

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

While adjudging quantum of penalty under Section 23-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.”

16. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, suffered by the investors as a result of its non-compliance nor has it been alleged by SEBI. As regard to the repetitive nature of the default, there is nothing on record to show that the nature of default by the Noticee is repetitive.

17. The role of a RA is crucial to the development of the securities market. It is of utmost importance that every RA takes all necessary steps to comply with all the provisions, Rules and Regulations as laid down by the Regulator. The very purpose of the said provisions is to deter wrong doing and to promote ethical conduct in the securities market. The non-compliances on the part of the Noticee as brought out in the preceding paragraphs clearly shows that she had failed in her fiduciary duties owed to its clients. Noticee being a registered intermediary is expected to take the statutory compliances seriously and take extra care to maintain a high degree of professionalism in the conduct of her business. Hence, the violations as established above certainly deserve imposition of penalty.

ORDER

18. After taking into consideration the facts and circumstances of the case, including the fact that corrective steps have been taken by the Noticee, in exercise of powers conferred upon me under section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose penalty of Rs. 5,00,000/- (Rupees Five Lakh only) u/s 15EB of the SEBI Act. I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

19. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

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

21. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: May 23, 2025

**AMIT KAPOOR
ADJUDICATING OFFICER**