

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/DS/2025-26/31409]

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

SKSE Securities Limited
SEBI Regn No.: INZ000293432
PAN: AAFCS1539J

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1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted thematic inspection of M/s SKSE Securities Limited (hereinafter referred to as “**Noticee**” / “**SKSE**” / “**the Company**”) on July 30, 2024 at the registered office of the Noticee and at the registered and branch offices of Noticee’s Authorized Person (AP) – M/s HJS Securities Private Limited (hereinafter referred to as “**HJS Securities**” / “**the AP**”) to look into compliance by the Noticee with respect to monitoring of use of trading terminals by the AP. The period of inspection was from October 01, 2023 to July 10, 2024 (hereinafter referred to as “**inspection period**” / “**IP**”). Noticee is registered as stock broker, with SEBI registration no. INZ000293432.

 2. The findings/ observations made during the course of inspection were communicated to the Noticee by SEBI, vide letter dated October 10, 2024. On examining the reply submitted by the Noticee, vide letter dated October 21, 2024, it was found that the Noticee had, prima facie, violated various provisions of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as “**Stock Brokers Regulations**”), and applicable SEBI and Stock Exchange Circulars. The summary

of violations alleged to have been committed by the Noticee and the corresponding regulatory provisions are given in the table below:

Sr. No.	Alleged Violations (Summarized)	Regulatory Provisions
1	Terminals of the AP not found at locations as reported to the Stock Exchange.	SEBI Circular No. SMDRP/Policy/CIR-49/2001 dated October 22, 2001, NSE circulars NSE/INSP/28434 dated December 24, 2014, NSE/COMP/50576 dated December 13, 2021, NSE/INSP/42448 dated October 18, 2019 and NSE/MSD/56778 dated May 22, 2023 and BSE Exchange Notice No: 20191018-43 dated October 18, 2019 r/w Regulation 9(b) and Regulation 18G(8) and 26(xix) of Stock Brokers Regulations
2	Common Management of the Noticee and the AP.	Regulation 9(b) of Stock Brokers Regulations read with Para 5(c) of NSE Circular NSE/INSP/56947 dated June 02, 2023
3	Irregularities in supervision of the AP by the Noticee.	SEBI circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and NSE circulars NSE/INSP/42448 dated October 18, 2019 and NSE/COMP/48536 dated June 09, 2021 r/w Para 5(c) of NSE Circular NSE/INSP/56947 on the supervisory framework with respect to Member's branches and Authorised Persons (AP) network, r/w Regulation 9(b) of Stock Brokers Regulations

APPOINTMENT OF ADJUDICATING OFFICER

- Upon being satisfied that there are prima facie violations of various provisions as mentioned at para 2 above, SEBI initiated adjudication proceedings against the Noticee u/s 15-I of SEBI Act, 1992 and appointed the undersigned as the

Adjudicating Officer (**AO**) vide Order dated December 11, 2024 under Section 15-I of the SEBI Act, 1992, and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”), to inquire into and adjudge u/s 15HB of SEBI Act, 1992, the violations of aforesaid provisions alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING

4. Show Cause Notice No. SEBI/EAD/EAD-06/AK/DS/985/1/2025 dated January 09, 2025 (hereinafter referred to as “**SCN**”) was issued to the Noticee in terms of rule 4 of SEBI Adjudication Rules r/w Section 15-I of the SEBI Act, 1992, to show cause as to why an inquiry should not be held against it and why penalty, if any, be not imposed on the Noticee under section 15HB of SEBI Act, 1992.

5. The Noticee submitted its reply to the SCN, vide letter dated February 17, 2025. The submissions made by the Noticee are summarized below:

5.1. *Terminals of the AP not found at locations as reported to the Stock Exchange*

5.1.1. *The registered office of our AP HJS is Office No. 607, The Spire 2, 6th Floor 150 Feet Ring Road, Shital Park Circle, Rajkot, Gujarat 360005. The key persons operate from the aforesaid location. In case of any issue, we need to visit the registered office of the AP and as a result all the terminals were registered at the same address.*

5.1.2. *However pursuant to the inspection, the Noticee has disabled all the terminals and uploaded them afresh with the location address from where the terminals are operated.*

5.1.3. *The matter regarding the address of the terminals is a small technical issue which has been set right. Further the places from which all terminals were being operated are in Rajkot.*

5.1.4. *The relevant addresses were reported to the Exchanges, a copy of which has been submitted by the Noticee.*

5.2. Common Management of the Noticee and the AP

- 5.2.1. The registered office of the Noticee and the AP are in the same building, on different floors.*
- 5.2.2. APs can work from the office of the members and hence no fault can be found in case where AP was found to operate from the Noticee's registered office.*
- 5.2.3. NSE Circular No. NSE/COMP/ 63628 dated August 28, 2024 also clearly records that an AP can operate from the office of the member and in the current case the AP was allotted dedicated space for work.*
- 5.2.4. Noticee's management comprises of its board of directors:*
- 5.2.4.1. Mr. Jayesh Chhabildas Shah*
 - 5.2.4.2. Mrs. Deepa Jayeshbhai Shah*
 - 5.2.4.3. Ms. Rutvi Jayeshbhai Shah*
 - 5.2.4.4. Ms. Bhakti Rameshbhai Aghera (Independent Director)*
 - 5.2.4.5. Ms. Kinnary Kanderapbhai Rathod (Independent Director)*
- 5.2.5. The AP is managed by its directors viz. Mr. Harshil Jayeshbhai Shah and Mrs. Mitali Harshil Shah (wife of Mr. Harshil Jayesh Shah).*
- 5.2.6. Though Mr. Harshil Jayeshbhai Shah is the son of the Noticee's director Mr. Jayesh Chhabildas Shah. He runs the AP business on his own and nothing prohibits on a Company of son being an AP of a member where his father is a director.*
- 5.2.7. There is nothing in law that mandates maintaining separate accountants. Accounts is a part time job of an AP and if someone takes up such a part time activity then no fault can be found with it. Having common employees with the Trading Member and AP and operation of terminals from the place of the Trading Member by AP is not prohibited under any law.*
- 5.2.8. In the current case the AP is HJS and the Trading Member is SKSE. None of the designated directors of SKSE viz. Mrs. Deepa Jayeshbhai Shah and Ms. Rutvi Jayeshbhai Shah are associated with the AP. The other Directors of SKSE also do not involve themselves in the management of AP. Further the Directors of the AP*

do not hold any position in SKSE and therefore it is submitted that the Noticee has fully complied with all the circulars / regulations of NSE and SEBI. A director of AP and Trading member being related to each other is not prohibited in any law.

5.3. Irregularities in supervision of the AP by the Noticee

5.3.1. It is rightly mentioned in the SCN, the AP should have adequate office space, equipment and manpower to effectively discharge the activities on behalf of the member.

5.3.2. The SCN itself records that the AP has carried out a business in excess of Rs. 800 Crores. Further not a single client of the AP has complained about the service standard deficiency or any other issue and hence it can be construed that the AP has effectively discharged the activities on the Noticee's behalf.

5.3.3. It is imperative to appreciate that handling such business is not possible without having adequate office space, equipment and manpower. The law does not mandate that the AP should buy or own any of these but merely mentions that it should be ensured, which has been done.

5.3.4. With regards to inactive terminals we submit that we had suspended them in our trading system but the reporting thereof was done upon the same being highlighted during the inspection. We humbly submit that having deactivated the terminals ensures that these cannot be logged in and the purpose of the requirement is met.

5.3.5. The SCN incorrectly records that Noticee has not monitored its AP properly. The SCN records that the AP has primarily operated from Noticee's office and therefore the entire operation of AP was under direct monitoring by the Noticee.

5.3.6. The SCN rightly records that stock brokers shall exercise adequate control and due diligence over the activities & transactions of their APs and in the current case all the necessary controls and due diligence has been maintained.

5.3.7. Above all no complaint from any of the clients of AP is received either by us or by Exchange or by SEBI, which in itself substantiates that the operations of AP were to the satisfaction of the clients as well.

5.3.8. Further the SCN rightly records that the AP shall be periodically inspected and the same has been done.

5.4. Noticee referred to various Orders passed by SEBI, which were referred in the Hon'ble SAT Order in the matter of Chona Financial Services Pvt Ltd vs. SEBI (Appeal No 95 of 2003).

5.5. The Noticee also quoted from and referred to Hon'ble SAT Order dated 16.6.2011 in the matter of Religare Securities Ltd vs. SEBI; Hon'ble SAT Order dated July 25, 2011 in the matter of UPSE Securities Ltd. v/s SEBI; SEBI Order dated 16.06.2017 in the matter of Inspection of Indiabulls Mutual Fund; SEBI ORDER NO. EAD/ AO-NP/ JR/39/2017 dated May 22, 201.

5.6. Noticee requested to take factors under Section 15J of the SEBI Act, 1992 into consideration

6. Vide letter dated February 25, 2025, hearing notice was issued to the Noticee to provide an opportunity of personal hearing on March 19, 2025 in the interest of natural justice. The Noticee appeared for the scheduled hearing through its authorized representative (**AR**). The AR reiterated submissions already made, vide letter dated February 17, 2025, and also made additional submissions vide letter dated January 22, 2025.

7. The additional submissions made by the Noticee are summarized below.

7.1. After the observations were highlighted to the Noticee, the AP has appointed a relationship executive, Manager, Officer Executive & Accountant, to ensure that staff are segregated.

7.2. Noticee referred to and quoted from the SEBI Adjudication Order No. EAD/AO-NP/ JR/ 39/2017 dated May 22, 2017 in the matter of inspection of IFCI Financial Services Limited.

CONSIDERATION OF ISSUES AND FINDINGS

8. Considering the allegations made out in the SCN and the submissions made by the Noticee, the following issues require consideration in the present case:

ISSUE I - Whether the Noticee has violated provisions of Stock Brokers Regulations and applicable SEBI and Stock Exchange Circulars, as given in para 2 above?

ISSUE II - Do the violations, if any, attract penalty under section 15HB of the SEBI Act, 1992?

ISSUE III - If so, what should be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

9. The said provisions under which violations have been alleged against the Noticee are reproduced below –

Securities and Exchange Board of India (Stock Brokers) Regulations 1992

Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

(a) ...

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

Chapter IVA - INSTITUTIONAL MECHANISM FOR PREVENTION AND DETECTION OF FRAUD OR MARKET ABUSE

Obligations of the stock broker and its employees.

18G. (8) The stock broker shall ensure that its trading terminals are used only by its employees and/or Authorised Persons and only at locations approved by the stock exchanges and that such terminals shall not be used by its clients in any form or manner.

CHAPTER VI - PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for monetary penalty.

26. A stock broker shall be liable for monetary penalty in respect of the following violations, namely –

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

SEBI Circulars

SEBI Circular No. SMDRP/POLICY/CIR-49/2001 dated October 22, 2001 - Advertisement by brokers/ sub-brokers and grant of trading terminals

https://www.sebi.gov.in/legal/circulars/oct-2001/advertisement-by-brokers-sub-brokers-and-grant-of-trading-terminals_17949.html

SEBI Circular No. MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 - Market Access Through Authorised Persons

https://www.sebi.gov.in/legal/circulars/nov-2009/market-access-through-authorised-persons_3182.html

Exchanges Circulars

Circular No.	Web-link
NSE/INSP/28434 dated December 24, 2014	https://nsearchives.nseindia.com/content/circulars/INSP28434 .
NSE/COMP/50576 dated December 13, 2021	https://nsearchives.nseindia.com/content/circulars/COMP50576 .
NSE/INSP/42448 dated October 18, 2019	https://nsearchives.nseindia.com/content/circulars/INSP42448 .
NSE/MSD/56778 dated May 22, 2023	https://nsearchives.nseindia.com/content/circulars/MSD56778 .
NSE/COMP/48536 dated June 09, 2021	https://nsearchives.nseindia.com/content/circulars/COMP48536 .

NSE Circular No. NSE/INSP/56947 dated June 02, 2023 - Market Access through Authorised Persons

5. Enhanced due diligence to be done by the Trading Members:

(a) ...

(b) ...

(c) Trading Members shall ensure following:

- i. Director/Partner of a registered AP/Trading Member is not appointed in the capacity of AP with any other Trading Member, or the same Trading Member registered with the Exchange.
- ii. Director/Partner of an AP is not associated as Designated Director/Designated Partner/Compliance Officer with any Trading Member registered with the Exchange.
- iii. Director/Partner of AP is not associated as Director/Partner with other AP registered with the Exchange.
- iv. Further an Authorized person shall be affiliated with only one Trading Member of the Exchange at any point in time.

BSE Exchange Notice No: 20191018-43 dated October 18, 2019 – Framework for Supervision of Authorised Persons (APs) & Branches by Members

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20191018-43>

10. I now proceed to deal with the issues as under;

ISSUE I - Whether the Noticee has violated provisions of Stock Brokers Regulations and applicable SEBI and Stock Exchange Circulars, as given in para 2 above?

11. Terminals of the AP not found at locations as reported to the Stock Exchange.

11.1. Following observations were made regarding 43 trading terminals reported at the registered office of the AP:

11.1.1. It was observed that two trading terminals out of 43 trading terminals reported at the registered office of the AP, were found at the branch office of the AP. The location of these terminals was incorrectly communicated to the Stock Exchange. Further, trades were executed on one of the terminals on the Inspection date.

11.1.2. Two other trading terminals were found at the Noticee's branch office, instead of the address reported by the AP to the Stock Exchange.

11.1.3. Remaining 39 trading terminals were not found at the location reported to the Stock Exchange. However, trades were executed from 15 of these 39 terminals on the date of inspection

11.2. As it was observed that the 43 trading terminals were not present at the place reported to the Stock Exchange and trades were also executed from some of these terminals, it was alleged that the Noticee has violated the provisions of SEBI Circular No. SMDRP/Policy/CIR-49/2001 dated October 22, 2001, NSE circulars NSE/INSP/28434 dated December 24, 2014, NSE/COMP/50576 dated December 13, 2021, NSE/INSP/42448 dated October 18, 2019 and NSE/MSD/56778 dated May 22, 2023 and BSE Exchange Notice No: 20191018-43 dated October 18, 2019 read with Regulation 9(b) and Regulation 18G(8) and 26(xix) of Stock Brokers Regulations.

11.3. As per the provisions of SEBI Circular No. SMDRP/Policy/CIR-49/2001 dated October 22, 2001, NSE circulars NSE/INSP/28434 dated December 24, 2014, NSE/COMP/50576 dated December 13, 2021, NSE/INSP/42448 dated October 18, 2019 and NSE/MSD/56778 dated May 22, 2023 and BSE Exchange Notice No: 20191018-43 dated October 18, 2019 read with Regulation 9(b) and Regulation 18G(8) and 26(xix) of Stock Brokers Regulations, a stock broker shall ensure that its trading terminals are used only

by its employees or APs and only at locations approved by the stock exchange. The stock brokers are also required to conduct periodic inspection of its APs and branches, as specified in the relevant circulars, and monitor and review the trading activities from all their terminals.

- 11.4. In this regard, the Noticee has submitted that the key persons of the AP operate from the registered office of the AP, and for this reason, all the terminals were registered at the same address. Both the places where the terminals were kept are the registered office premises of the Noticee or the AP, and are located in Rajkot, Gujarat. All the terminals not found at the reported location have been closed in Stock exchange's database and new terminals for same users have only been activated after entering into the agreement with such users by the AP and after obtaining complete KYC documents from them.
- 11.5. I note that the terminals allocated to the AP were not located at the addresses reported to the Stock Exchange. The Noticee, while providing explanations, has admitted the same.
- 11.6. The Noticee has submitted that the AP has taken corrective actions by shifting all the terminals to the AP's office premises and reporting the correct location to the Stock Exchanges. I note that the same was done after 39 terminals were not found at the reported location and the same were suspended by the Stock Exchange. Thus, the corrective steps were taken by the AP only after trading was disabled on these terminals. It is further observed that the Noticee was aware that all the terminals of the AP were not located at the reported location. However, it did not take any corrective actions like reporting the updated location of the terminals or directing the AP to keep all the terminals at their reported location.
- 11.7. I note that the Stock Brokers Regulations mandate the brokers to ensure that the trading terminals are not being used by any unauthorized person or place. Also, it is important to ensure that the Stock Exchange or the brokers are able to monitor the activities of the AP and keep check on the potentially suspicious

or unusual trading activities of the AP. Thus, reporting accurate location data and maintaining the trading terminals at the same location is essential for the AP and the brokers.

- 11.8. In view of the aforesaid, I find that the Noticee has violated the provisions of SEBI Circular No. SMDRP/Policy/CIR-49/2001 dated October 22, 2001, NSE circulars NSE/INSP/28434 dated December 24, 2014, NSE/COMP/50576 dated December 13, 2021, NSE/INSP/42448 dated October 18, 2019 and NSE/MSD/56778 dated May 22, 2023 and BSE Exchange Notice No: 20191018-43 dated October 18, 2019 read with Regulation 9(b) and Regulation 18G(8) and 26(xix) of Stock Brokers Regulations.

12. Common Management of the Noticee and the AP

- 12.1. It was observed that the AP was sharing common office space with the Noticee. As per the Stock Exchange records, the AP, HJS Securities had recorded a Gross Traded Value of Rs.803.98 crores in the month of March, 2024 and these trades were executed through terminals located at below mentioned two addresses:
- 12.1.1. 606, The Spire 2, 6th Floor, 150 Feet Ring Road, Shital Park Circle, Rajkot Gujarat – 360 005;
- 12.1.2. 607, The Spire 2, 6th Floor, 150 Feet Ring Road, Shital Park Circle, Rajkot Gujarat – 360 005
- 12.2. However, on the date of inspection, the AP was not found at the aforesaid addresses. Instead, the AP's operations were being carried out at the registered address of the Noticee, i.e. 907 to 911, The Spire 2, 6th Floor, 150 Feet Ring Road, Shital Park Circle, Rajkot Gujarat – 360 005.
- 12.3. Further, it was observed that one of the two Directors of the AP (HJS Securities Private Limited) was Mr. Harshil Jayeshbhai Shah, who is son of Managing Director of the Noticee (SKSE Securities Limited), Mr. Jayesh Chhabildas

Shah. The other director of the AP is the spouse of Mr. Harshil Jayeshbhai Shah.

- 12.4. Furthermore, out of a list of 41 employees provided by the AP, only two employees (Pravinbhai Chanabhai Sardhara and Krunal Dineshbhai Jogi) could be identified on the date of inspection. Mr. Pravinbhai Chanabhai Sardhara was found to be the common accountant for both the AP and the Noticee and his name was also found in the payroll of the Noticee.
- 12.5. Also, two trading terminals were found at the Noticee's branch office, instead of the address reported by the AP to the Stock Exchange.
- 12.6. In addition to the aforesaid, it was observed that statement provided by Mr. Harshil Jayeshbhai Shah and Mr. Jayesh Chhabildas Shah also confirms that all the operational work (accounting, HR and compliance functions) pertaining to the AP were being handled by the employees of the Noticee. 1 employee of the AP was handling 1 terminal for trading at the branch office of the Noticee, i.e. 613, The Spire 2, 6th Floor 150 Feet Ring Road, Shital Park Circle, Rajkot, Gujarat 360005. Further, there is no agreement between the AP and the Noticee for sharing of office space.
- 12.7. Thus, it was alleged that the Noticee has violated the provisions of Regulation 9(b) of Stock Brokers Regulations read with Para 5(c) of NSE Circular NSE/INSP/56947 dated June 02, 2023.
- 12.8. As per the provisions of Regulation 9(b) of Stock Brokers Regulations read with Para 5(c) of NSE Circular NSE/INSP/56947 dated June 02, 2023, a stock broker shall ensure that its AP is not associated as designated partner / director with the stock broker or any other stock broker.
- 12.9. In this regard, the Noticee has submitted that there are no common directors between the Noticee and the AP. Further, there is nothing in law that mandates maintaining separate accountants.
- 12.10. Being a SEBI registered intermediary, the Noticee must always maintain segregation of its business from its APs. In the present case, the AP is owned

and controlled by the immediate relative of the Director of the Noticee. It was also found that some of the terminals allocated to the AP were present at the Noticee's address, and the Noticee and the AP had various common employees among them. While the aforesaid provisions do not specify that distinction shall be maintained between the Noticee's business and its AP's business, the distinction shall be maintained, as the Noticee is a separate business entity than its APs. The Noticee must ensure appropriate internal controls such as separation of physical office space, employees, books of accounts and other records are maintained.

12.11. The Noticee has also submitted that the AP has appointed a relationship executive, a Manager and an Office Executive and Accountant, which are solely employed for the business of the AP, to ensure segregation from the activities of the Noticee. The Noticee has also provided copy of salary slips in support of its submissions. Thus, it is observed that the Noticee has taken corrective steps after being informed regarding the inspection observations.

12.12. I further note that there is no observation that the directors of the AP are associated as director / partner of the Noticee / another AP / another trading member. Further, there is no observation that the AP is affiliated with any trading member, other than the Noticee. Thus, I am inclined to take a lenient view on this allegation.

13. Irregularities in supervision of the AP by the Noticee

13.1. Following irregularities were noticed in the inspection report of AP – HJS Securities (Inspection date – March 25, 2024) submitted by the Noticee:

13.1.1. The Noticee had noted that the AP had necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the activities on behalf of the member. However, on the day of inspection, it was observed that the AP was operating in the office space of the Noticee and was also using the equipment and manpower of the Noticee.

- 13.1.2. The Noticee has also noted that there were no inactive terminals at the location of the AP. However, 4 terminals were inactive during the previous 6 months period on the date of inspection carried out by SEBI. Out of these, two terminals were inactive beyond 6 months on the day of inspection carried out by the Noticee, i.e. March 25, 2024.
- 13.2. From the aforesaid, it was observed that the Noticee has not monitored its AP properly, and therefore it was alleged that the Noticee has violated the provisions of SEBI circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and NSE circulars NSE/INSP/42448 dated October 18, 2019 and NSE/COMP/48536 dated June 09, 2021 read with Para 5(c) of NSE Circular NSE/INSP/56947 on the supervisory framework with respect to Member's branches and Authorised Persons (AP) network, read with Regulation 9(b) of Stock Brokers Regulations.
- 13.3. As per the provisions of SEBI circular MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 and NSE circulars NSE/INSP/42448 dated October 18, 2019 and NSE/COMP/48536 dated June 09, 2021 read with Para 5(c) of NSE Circular NSE/INSP/56947 on the supervisory framework with respect to Member's branches and Authorised Persons (AP) network, read with Regulation 9(b) of Stock Brokers Regulations, stock brokers shall exercise adequate control and due diligence over the activities & transactions of their APs. They shall carry out periodic inspection of its APs and records of the operations carried out by them in accordance with Stock Exchange circular dated October 18, 2019. The stock brokers shall take necessary measures as stipulated in the aforementioned SEBI circular.
- 13.4. In this regard, the Noticee has submitted that the AP has carried out business in excess of Rs.800 crores in March, 2024, and no complaint has been received against the AP pertaining to service deficiency or any other issue. Further, handling such business is not possible without having adequate office space, equipment and manpower. The inactive terminals were already

suspended by the Noticee, but the reporting of the same was done after being highlighted during inspection.

13.5. I note from the findings of inspection and the Noticee's submissions that the Noticee has not reported correct details regarding four inactive terminals of the AP in the AP's inspection report. The same has also been admitted by the Noticee.

13.6. Further, it has been alleged that the Noticee does not have adequate infrastructure as it is primarily operating from the Noticee's office. I note that the AP had a separate registered office and branch office, and the AP is actively trading through the terminals provided to it by the Noticee. In view of the fact that three of the five directors of the Noticee and both the directors of the AP belong to the same family, and the observation that the AP was operating from the premises of the Noticee and they had common employees for accounting, HR and compliance, it can be inferred that the AP was in direct monitoring of the Noticee. I am inclined to take a lenient view on this allegation.

ISSUE II - Do the violations, if any, attract penalty under Section 15HB of the SEBI Act, 1992?

14. The Noticee has referred and quoted from the orders of Hon'ble SAT in support of its submissions that the alleged violations, if correct, are merely technical / procedural in nature, and ought to be condoned and penalty should not be imposed for such violations.

15. I note that the absence of trading terminals from the location reported to the Stock Exchange and executing trades through these terminals is a serious non-compliance of Stock Brokers Regulations and relevant SEBI and Stock Exchange Circulars. As the trades on the Stock Exchanges are placed through physical and online trading terminals, it is very important for the brokers to ensure that the trading terminals are being operated only by the authorized users and from the

reported location, to ensure that unlawful trading activities are not being carried out from the terminals provided to the brokers and the APs. All the terminals were not present at the location reported to the Stock Exchange. Therefore, the said violation is not merely technical / procedural / venial in nature.

16. I note that since the above violation is established, the Noticee is liable for monetary penalty under Section 15HB of the SEBI Act, 1992, the text of which is reproduced hereunder:

SEBI Act, 1992

Penalty for contravention where no separate penalty has been provided.

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

ISSUE III - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

17. While determining the quantum of penalty under Section 15HB of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992, which read as under:

SEBI Act, 1992

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

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

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

(c) the repetitive nature of the default.

18. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. However, as per the available records, I note that the Noticee has been penalised earlier also for the violations of provisions of Stock Brokers Regulations. Thus, the violations are repetitive in nature. Also, the fact that as a SEBI registered intermediary, Noticee is under statutory obligation to comply with the applicable circulars, rules and regulations, cannot be ignored. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, suitable penalty must be imposed for non-compliance in order to ensure that the Noticee is more careful in conducting its operations.

ORDER

19. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 15J of the SEBI Act, 1992, in light of judgment of the Hon'ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90, in exercise of power conferred under Section 15-I of the SEBI Act, 1992 r/w Rule 5 of the SEBI Adjudication Rules, I impose the following penalty upon the Noticee for the violations as mentioned hereunder.

Name of Noticee	Provisions violated	Penalty attracted under	Penalty Amount
SKSE Securities Limited	SEBI Circular No. SMDRP/Policy/CIR-49/2001 dated October 22, 2001; NSE circulars NSE/INSP/28434 dated	Section 15HB of	Rs.2,00,000/- (Rupees Two Lakh Only)

Name of Noticee	Provisions violated	Penalty attracted under	Penalty Amount
	December 24, 2014; NSE/COMP/50576 dated December 13, 2021; NSE/INSP/42448 dated October 18, 2019 and NSE/MSD/56778 dated May 22, 2023; and BSE Exchange Notice No: 20191018-43 dated October 18, 2019 read with Regulation 9(b) and Regulation 18G(8) and 26(xix) of Stock Brokers Regulations.	SEBI Act, 1992	

20. I find the said penalty to be commensurate with the violations committed by the Noticee.

21. 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.

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

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

DATE: May 19, 2025

PLACE: MUMBAI

AMIT KAPOOR
ADJUDICATING OFFICER