

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/JR/2025-26/31403)**

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;

**Manas Jaiswal
PAN: AFVPJ9226R**

In the matter of Manas Jaiswal – Research Analyst

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of Manas Jaiswal (hereinafter referred to as "**Noticee**"), a SEBI registered Research Analyst, for the period September 1, 2020 to July 31, 2023 (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**') and SEBI (Research Analysts) Regulations, 2014 (hereinafter referred to as "**RA Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the alleged 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 Biju S as Adjudicating Officer (hereinafter referred to as "**AO**"), vide order dated March 6, 2024, to inquire into and adjudicate the alleged violations by the Noticee. Upon transfer of the matter, undersigned was appointed as the AO, vide order dated November 22, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice Ref. No. SEBI/EAD-1/BS/15016/1/2024 dated April 23, 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 it and why penalty, if any, should not be imposed on it 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 were in respect of;
 - 4.1 Qualification and certification requirement and renewal of certification
 - 4.2 Limitation on publication of research report, public appearance and conduct of business
 - 4.3 Disclosures in research reports and recommendations in public media
 - 4.4 Contents of Research Report
 - 4.5 Maintenance of Records
5. The Noticee, vide email dated May 16, 2024, submitted its reply to the SCN, the relevant portion of which is reproduced as under:
 - 5.1. *With regard to the alleged violations, I must respectfully state that I have conducted my duties as a Research Analyst under the SEBI Act, 1992, with the highest degree of professionalism, integrity, and compliance with regulatory requirements. Any deviation from the prescribed norms, if at all, has been inadvertent and without any intention to violate the provisions of the SEBI Act or its associated rules.*
 - 5.2. **Qualification and Certificate Requirement and Renewal of Certification**
 - 5.2.1. *With regard to the allegation raised in the notice, I would take this opportunity to provide some more clarifications on this. It is the fact that NISM certificate for Research Analyst expired on December 21, 2019, I could not get the fresh certificate in time and the renewal fee for registration could not paid timely.*
 - 5.2.2. *However, I must emphasize that the delay in renewing the certificate was solely due to inadvertent and ignorance only, particularly the delay in making the required payment for renewal.*

5.2.3. Further regarding the allegation that the renewal fees for the entity's registration as a research analyst were not paid prior to September 09, 2020, resulting in the expiration of the certificate of registration. It is acknowledged that there was a delay in the payment of the renewal fees, which were ultimately paid on October 18, 2022.

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

5.3.1. It has been alleged in para no 6(ii) that the RA has not maintained adequate documentary basis for preparing a research report. In this regard the RA has already submitted that it has provided recommendations only for the trading purpose, it had not provided any recommendation as per Regulation 18(7) of the RA Regulations "Research analyst or research entity shall have adequate documentary basis, supported by research, for preparing a research report." The RA also has referred the provisions of the Regulation 2(w), it is clearly mentioned there that Research Report includes any communication meant for providing a basis for investment decision. To the best of my knowledge and belief there is a clear and significant difference between investment and trading.

5.4. Disclosures in Research Report & Recommendations in public media

5.4.1. As the RA has expressed in point no 2 that, it has not issued or published any Research Report, its recommendation was solely for the trading purpose, therefore to the best of knowledge and belief of RA, its recommendation was outside the purview of the definition of Research Report. Accordingly, the RA has not contravened the Regulation 19 of RA Regulations.

5.4.2. Further as per the Regulation 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. During period of investigation the RA used to mention his registration details while making recommendation on social media handles. During the period under investigation in the subject companies about which the RA has made any recommendation for trade, The RA has not any financial interest therein. Therefore, the RA did not make any specific disclosure in his recommendation separately, having misunderstood that disclosure is required only when he has financial interest in the subject companies.

However, while making public appearance in the news channel, the news channel discloses the interest of the RA. Accordingly, the RA has not contravened the Regulation 21(1) of the RA Regulations. Therefore, RA has also not violated the provisions of the clause 2, 3, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24(2) of the RA Regulations.

5.5. Contents of Research Report

5.5.1. In response to the allegation in para no 6(iv), The Research Analyst dissents the allegation raised regarding the lack of definition provided to clients regarding the risk & reward ratio of 1:2 mentioned on the RA's website and in its product details. The RA stated that, it is understood in the general sense that a risk & reward ratio of 1:2 implies that the potential profit on a specific recommendation is double in comparison to the potential loss. Thus, it is asserted that the term "risk & reward ratio 1:2" is not inherently ambiguous and can be reasonably interpreted by clients. Further it is alleged that the Research Analyst has not provided explicit clarification to clients regarding the methodology or interpretation of this ratio. The term 'risk & reward ratio 1:2' is itself explanatory term, it does not need any extra explanatory statements to explain it. However, in response to this observation, the RA has already removed the term "Risk & Reward Ratio" from its website. This proactive measure aims to ensure clarity and transparency in communication with clients regarding the evaluation and implications of the recommendations provided. Accordingly, the RA has not contravened the Regulation 20(1) of the RA Regulations and has also not violated the provisions of the clause 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24(2) of the RA Regulations.

5.6. Maintenance of Records

5.6.1. In response to the allegation raised in point no 6(v) regarding the matter of Annual Audit Reports, the Research Analyst has previously responded, citing the impact of the Covid pandemic as the reason for the inability to conduct compliance audits in preceding years.

5.6.2. With regard to the nature of the recommendations provided by the RA, it is emphasized that these recommendations solely pertain to the technical indicators of securities or indices, intended solely for trading purposes and not for

investment decisions. Therefore, the RA asserts that it does not prepare or publish any research reports as defined under section 2(w) of the RA Regulations. It is noted that the mentioned provision defines a research report as encompassing communications intended to provide a basis for investment decisions. Accordingly, it is argued that providing trading recommendations falls outside the purview of this definition, and therefore the RA has not issued or published any Research Report. This is to state that the RA has started duly signing of the records.

5.6.3. *It is contended that the RA's record-keeping practices concerning recommendations and public appearances through news channel and social media, have not adhered to regulatory stipulations. However, it is clarified that generally there have been date wise records maintained by RA for his appearance in news channels. Now the RA has started to state the time (s) also for his recommendations and have been complying with all regulatory requirements related to maintenance of records for all the slots of his appearance in the news channels. The RA is committed to ensure compliance with all relevant regulations moving forward.*

6. Vide email dated June 20, 2024, it was informed that the Noticee has filed an application under SEBI (Settlement Proceedings) Regulations, 2018 in the matter. Later, vide email dated November 22, 2024, it was informed that the said settlement application has been rejected.

7. An opportunity of personal hearing was granted to the Noticee on May 30, 2024, vide hearing notice dated May 17, 2024. Noticee appeared on the scheduled date and reiterated the submissions made vide its reply dated May 16, 2024. On transfer of the matter to the undersigned, another opportunity of personal hearing was given to the Noticee on February 13, 2025 vide notice dated January 15, 2025. The Noticee appeared on the scheduled date and reiterated the submissions made vide letter dated May 16, 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, as applicable?

ISSUE No. III: If so, what should be the monetary penalty 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

[See sub-regulation (2) of regulation 24]

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.

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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.

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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:

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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 have qualification and certification requirement and renewal of certification

10.1.1. I note from the SCN that the NISM certificate for Research Analyst of the RA expired on December 21, 2019. However, RA did not obtain fresh NISM certificate and continued to act as RA without valid NISM certificate till

December 28, 2022. It is also noted that the registration of the entity as a research analyst was valid till September 09, 2020. The renewal fees was required to be paid by the entity prior to September 09, 2020. However, a delayed payment was made on October 18, 2022. It is also observed that the entity carried on its activities as a Research Analyst in the interim period following the expiry of the Certificate of Registration and renewal of the Certificate of Registration.

10.1.2. The Noticee admitted that the non-compliance was due to ignorance and as soon as it got to know that it had to obtain the NISM certification, it immediately appeared for the exam and obtained the requisite certification. With regard to non-payment of renewal fees, it submitted that it was under the impression that after the amendment of RA Regulations, the registration has become permanent and it need not apply for renewal of registration.

10.1.3. From the submissions of the Noticee it is clear that it failed to obtain the requisite certification at the right time and also paid the renewal fees after delay. However, I note that it continued with its service even during the time when it did not have any valid registration. For a SEBI registered intermediary, ignorance of law cannot be excuse for non-compliance. It was its duty to be aware of all regulations regarding registration and comply with the same.

10.1.4. In view of the above, I find that the allegation of violation of regulations 7 (2) and 24 (5) of the RA Regulations, Clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under Regulation 24 (2) of the RA Regulations and Regulation 3(1) of RA Regulations read with Section 2(1) of SEBI Act by the Noticee stands established.

10.2. In respect to the allegation for limitations on publication of research report, public appearance and conduct of business, etc.

10.2.1. I note from the SCN that the Noticee submitted that during the IP it did not maintain research rationale for recommendations made to its clients. He also submitted that it did not maintain records of rationale for making research recommendations via public appearances. Therefore, it was alleged that the

Noticee did not have adequate documentary basis for preparing research report.

10.2.2. The Noticee submitted that the Noticee had provided recommendations only for trading purpose and not investment purpose. As the Noticee did not issue or publish any Research report as defined by the RA Regulations, it was not required to maintain research rationale.

10.2.3. I note that an RA analyses companies, industries, markets to provide insights and recommendations to investors. It may offer advice on what securities to buy, sell or hold based on its analysis and research. It typically publishes research reports that provide detailed analysis and recommendations on specific securities. As per regulation 2(w) of RA Regulations, *“research report means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision...”*

10.2.4. Any recommendation given by RA should be backed by rationale. Generally, all recommendations given by a RA is in the form of research report. Even if the RA provides buy/sell/ hold recommendations (which is an opinion concerning securities), it must always be backed by a sound rationale. I also note that the Noticee has accepted that it has not maintained any research rationale for the recommendations provided by it as it was given only for trading purpose. I note that trading recommendation which may consist of recommendation to buy or sell, can also be used for long term investment purpose. Therefore, the submission of the Noticee that its recommendations were only for trading purpose cannot be accepted.

10.2.5. In view of the above, I find that the allegation of violation of regulation 18 (7) of the RA Regulations, clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under Regulation 24 (2) of the RA Regulations stands established.

10.3. In respect of allegation regarding disclosures in research reports and recommendations in public media:

10.3.1.I note from the SCN that RA had accounts on YouTube channel (@manasjaiswalTA), Twitter (@themanasjaiswal), Instagram (themanasjaiswal) and Telegram (manasjaiswal). Along with the social media handles, the Noticee also appeared on TV channels such as CNBC Awaaz on a regular basis. The Noticee provides recommendations to its clients via WhatsApp groups. From the extract of messages sent to its clients on WhatsApp, it is seen that the Noticee has given appropriate disclosures to its clients regarding the recommendations made. The Inspection team perused the pages of social media handles mentioned above and it is observed that Noticee mentioned about its registration status on all these pages. However, on none of the above social media handles, Noticee had mentioned about its financial interests in the subject companies about which it has made recommendations. Further, while making stock specific recommendations through these social media handles, the RA has not mentioned appropriate disclosures about its financial interests in such companies.

10.3.2. The Noticee submitted that as its recommendations were not research report and only for trading purpose, therefore, it believed that the disclosure regarding its business activity, disciplinary history, details of associates was not to be made by it. Further, in regard to the disclosure of financial interest in companies where it had given recommendations during public appearance, the Noticee submitted that it did not have any financial interest in the said companies. Therefore, it did not make any specific disclosure in its recommendation separately. However, while making public appearance in the news channel, the news channel disclosed the interest of the Noticee.

10.3.3. From the submissions of the Noticee, it is clear that it has failed to make the relevant disclosures regarding financial interest in the companies. It is observed that the Noticee rightly mentioned its registration status in all pages of social media handles but failed to make the disclosure regarding its financial interest in the companies. Further, the submission of the Noticee that it did not make the relevant disclosure since it did not have any financial interest in the company cannot be accepted. Regulation 21(1) of the RA Regulations clearly

puts the obligation of disclosing the details of financial interest in the subject company on the RA if it makes public appearance.

10.3.4. As the Noticee failed to make the relevant disclosure I find that the allegation of violation of regulations 19 and 21 (1) of the RA Regulations, clauses 2, 3, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA regulations stands established.

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

10.4.1. I note from the SCN that in the website of the Noticee, it has mentioned that its recommendations carry a risk & reward ratio of 1:2. However, the RA has not defined to its clients the manner in which the risk & reward ratio is 1:2. Therefore, the term risk & reward ratio 1:2 is ambiguous and can be interpreted in any manner by the clients.

10.4.2. The Noticee submitted that in the general sense a risk and reward ratio of 1:2 implies that the potential profit on a specific recommendation is double in comparison to the potential loss and hence not inherently ambiguous. Further, it was submitted by the Noticee that it had removed the term “Risk & Reward Ratio” from the website.

10.4.3. On perusal of the submission of the Noticee, I find that the term ‘risk & reward ratio 1:2’ is a vague term used in the website of the Noticee. Without proper explanation, it is very easy for the clients not to understand the implication of the term. Such unclear and ambiguous terms used in the website of the Noticee can mislead the clients. I also note that subsequent to the inspection, in order to ensure clarity and transparency in communication, the Noticee removed the term from the website.

10.4.4. In view of the above, I find that the allegation of violation of regulation 20 (1) of the RA Regulations, clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA Regulations by the Noticee stands established.

10.5. In respect to the allegation of maintenance of records:

10.5.1. In the SCN it is noted that the Noticee did not comply with the requirement of Annual audit. Further, it is observed that the Noticee had submitted in its response to the Pre-Inspection Questionnaire "This is to clarify that the RA is providing the technical calls based on the pure technical indicators of the particular stocks/index. The RA has not published any Research Report of the stock. Hence, to the best of knowledge, this clause is not applicable to RA." As is clear from the record of recommendations made by the RA to its clients, the RA has issued stock specific research recommendations to its clients through WhatsApp regularly. I also note that the records of recommendations/research reports are maintained in an excel and not duly signed or e-signed and dated, as stipulated in the Regulations. Also the RA vide its email dated August 22, 2023, provided list of channels where it is appearing regularly for giving research recommendations. However, from the response of the RA, it was seen that the RA has made a general submission and not provided specific details of dates and time of appearance on news channels. Further, the RA has also failed to provide the details of all the public appearances made through social media.

10.5.2. The Noticee cited the impact of Covid pandemic as the reason for the inability to conduct compliance audits in preceding years. It is further submitted by the Noticee that its recommendations were only for trading purpose and only research reports mandate providing basis for investment. In regard to the record-keeping practices concerning recommendations and public appearances through news channels and social media, it submitted that generally there have been date wise records maintained by it for its appearance in news channel. It also submitted that now it has started to state the time(s) also for its recommendations and have been complying with all regulatory compliances.

10.5.3. I note that the Noticee has admitted that due to Covid pandemic it has failed to comply with the annual audit report requirements. Further, the submission of the Noticee that it had provided recommendations only for trading purpose and hence need not provide rationale for it cannot be accepted. Being a SEBI

registered intermediary it is under the obligation for providing a justification for all the recommendations being given by it irrespective of whether it is for trading or investment purpose. I further note that list of recommendations/ research reports is maintained by it in an unsigned and undated excel sheet which is in violation of the RA Regulations. In regard to the record-keeping practices concerning public appearances, the Noticee admitted that it was not maintained with all the details and it has started incorporating further details like time in the record.

10.5.4. In view of the above, I find that the allegation of violation of regulations 25 (1) and 25(3) of the RA Regulations and clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA Regulations stands established.

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

11. From the foregoing, I note that Noticee has violated the following:-

- 11.1. Regulations 7 (2) and 24 (5) of the RA Regulations, Clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under Regulation 24 (2) of the RA Regulations and Regulation 3(1) of RA Regulations read with Section 2(1) of SEBI Act
- 11.2. Regulation 18 (7) of the RA Regulations, clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under Regulation 24 (2) of the RA Regulations
- 11.3. Regulations 19 and 21 (1) of the RA Regulations, clauses 2, 3, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA regulations
- 11.4. Regulation 20 (1) of the RA Regulations, clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA Regulations

- 11.5. Regulations 25 (1) and 25(3) of the RA Regulations and clauses 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule under regulation 24 (2) of the RA Regulations
12. 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.
13. 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 after taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

14. 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.”*

15. 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.
16. 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 it had failed in its 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 its business. Hence, the violations as established above certainly deserve imposition of penalty. It is noted that there is no past action against the Noticee.

ORDER

17. 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.
18. 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

19. 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.
20. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and also to SEBI.

Place: Mumbai

Date: May 15, 2025

**AMIT KAPOOR
ADJUDICATING OFFICER**