

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO.: Order/AK/GN/2025-26/31587]**

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

**TRADE NEXA RESEARCH INVESTMENT ADVISOR,  
(Prop - MINAKSHI ASAVANI),  
(PAN – BXHPA0464M)**

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**Background**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an inspection, of Trade Nexa Research Investment Advisor (hereinafter referred to as **Noticee**) from March 05, 2024 onwards. The period covered in the inspection was from April 01, 2020 to December 31, 2023 (hereinafter referred to as '**Inspection Period**').
2. The Noticee is a SEBI-registered Investment Advisor having SEBI registration number as INA000009083.
3. Based on the findings of Inspection conducted by SEBI, and the response dated April 20, 2024 submitted to SEBI by the Noticee, certain non-compliances with provisions of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **IA regulations**), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **PFUTP regulations**) and circulars issued by SEBI, were observed.

**Appointment of Adjudicating Officer**

4. Upon being satisfied that Noticee has violated various provisions of IA Regulations, PFUTP Regulations, various provisions of SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and various circular issued thereunder, SEBI approved initiation of adjudication proceedings u/s 19 of the SEBI Act r/w Section 15-I of SEBI Act r/w Rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**'), and vide order dated December 19, 2024, appointed the undersigned as Adjudicating Officer to inquire into and adjudge under the following provisions, the alleged violations by the Noticee:

- 4.1. Section 15EB of SEBI Act, 1992 for Charging fees without agreement and charging fees before entering into agreement, not maintaining call records and providing free trials
- 4.2. Section 15EB and 15HA of SEBI Act for providing assurance of returns/loss recovery to its clients and knowingly misleading/inducing its clients which is likely to influence the decision of clients dealing in securities and engaging in mis-selling its services.

### **SHOW CAUSE NOTICE, REPLY AND HEARING**

5. Show Cause Notice (hereinafter being referred to as the “**SCN**”) dated January 16, 2025 was issued to Noticee in terms Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against Noticee and why penalty, if any, should not be imposed upon Noticee u/s 15EB and 15HA of SEBI Act for the alleged violations.

6. Following are the allegations made against the Noticee in the SCN-

#### **6.1 Noticee Charged fees without agreement and charged fees before entering into agreement.**

- 6.1.1 During inspection it was observed that Noticee charged fees without agreement in 74 instances, charged fees before entering into agreement in 15 instances and in one instance Noticee charged fees and rendered investment advice without entering into agreement.
- 6.1.2 In view of the above, it was alleged that Noticee has violated Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024.

#### **6.2 Noticee did not maintain records of call recording**

- 6.2.1 During inspection it was observed that Noticee is not maintaining call records / record of interaction, of its clients.
- 6.2.2 In view of the above, it was alleged that Noticee violated Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024.

### **6.3 Noticee provided free trial**

6.3.1 During inspection it was observed that Noticee offered free trial in one instance.

6.3.2 In view of the above, it was alleged that Noticee violated Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen The Conduct Of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024.

### **6.4 Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.**

6.4.1 During inspection it was observed that Noticee promised guaranteed profit / assurances of loss recovery.

6.4.2 In view of the above, it was alleged that Noticee violated the provisions of Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b) and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations.

7. Vide email dated January 27, 2025 Noticee sought extension for submission of reply, in view of the same vide email dated January 27, 2025 time till February 14, 2025 was granted to Noticee for submission of reply. Vide email dated February 14, 2025, Noticee submitted its reply, the reply of the Noticee is summarized below-

#### ***7.1. Noticee charged fees without agreement and charged fees before entering into agreement:***

*7.1.1. In few cases the clients hesitate to physically sign the entire agreement and hence they confirm it over the email after reading the entire agreement which the Noticee believe to suffice with the intention of the law to make aware the investor/ client regarding the Investment Adviser, its activities and terms and conditions. Also, the clients do confirm the agreement through their registered email id which ensures the authenticity of the confirmation.*

*7.1.2. Further, there has been few/ minimal instances where the clients have made the payment prior to the signing of the agreement, however, in no case, services have been provided to the client prior to the execution of the agreement.*

#### ***7.2. Notice did not maintain records of call recording:***

7.2.1. *The Noticee's interactions with the clients over telephonically is very negligible, reason being that the Noticee work only on the leads/clients obtained organically through google marketing or through his website. Thereafter the communication is done through email and the investment advice is rendered through SMS, the records of which are duly maintained and submitted to the inspecting authority at the time of inspection. Moreover, seldomly the Noticee converse with the clients telephonically, records of which were duly maintained by the Noticee, which the SEBI itself has referred in the Paragraph D of the SCN. Hence, it thus suffices that the Noticee is not in violation with the said provision.*

**7.3. Noticee provided free trial:**

7.3.1. *The said allegation is just based on a false complaint filed by Bindu Jacob. Apart from these SEBI has failed to establish any evidence in support of the said allegation.*

7.3.2. *The Noticee had in line with the compliance with the SEBI Circular dated December 27, 2019 had stopped offering free trials to the investors. Also, in the entire inspection period, SEBI could not find one instance wherein the Noticee had offered free trial.*

7.3.3. *The SEBI has just relied upon the baseless claim of the complainant without verifying the authenticity of the same. The said complaint was filed with a sole moto of harassing the Noticee. The entire contents of the complaint were false and misleading, the same was also acknowledged by the SEBI as a result of which the said complaint was closed by the SEBI stating that: "it appears that the complainant has done trades which are not in line with the recommendations made by the IA and there is no loss incurred by the complainant due to the recommendations given by the investment adviser. Accordingly, the complaint is disposed of." Hence, the over reliance of the SEBI upon false complaint does not constitute valid evidence in support of the alleged violation and henceforth in light of these explanations, the Noticee humbly requests that the alleged violation related to the free trial be dismissed.*

**7.4. Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services:**

7.4.1. *He has not assured/ guaranteed returns rather he has provided the advisory services to the clients and have demonstrated that the clients can earn from their trading activities in the securities market.*

- 7.4.2. Furthermore, in all the illustrated cases as mentioned in the SEBI's Notice, SEBI has just picked words such as: 'profit', 'returns' 'recovery' and has alleged that the Noticee has provided assurance returns, without listening the entire conversation. In all such cases, the said clients had faced losses and the employees by their statement just meant that they will try to recover the losses and had stated you could earn. in that regard, we would like to refer a similar case of recent time, wherein the SEBI has in the matter of 'Shrimoney Research Analyst' had concluded that 'RA clearly indicated that it would try to recover loss, and there is no guarantee/ assurance by the RA of the recovery of the loss'. Also, the Noticee has just stated the accuracy of his advice and past performances. Further, in no case the Noticee has stated that you will earn this much amount or this much percentage return you will achieve or you will make profit from the advice. Additionally, it is a general phenomenon that if a person had incurred losses, he wants to get his loss recovered.
- 7.4.3. Also, the Noticee has not made any such claims that, there will definitely be profit, which is definitely dependent upon many factors. Further, the SEBI itself in an Order passed by the Whole Time Member in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations.
- 7.4.4. Moreover, the Noticee has a practice of sending a mail to the clients while onboarding, which clearly states and its also mentioned upon the website that:
- 7.4.4.1. With investing, your capital is at risk - please note Trade Nexa Investment Advisors does not provide any profit sharing services, guaranteed service and services, which are not mentioned in our website.
- 7.4.4.2. Stock market has inherent market risk, hence we do not claim any profit guaranteed services.
- 7.4.4.3. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
- 7.4.4.4. Investment in equity shares, futures, options and commodities has its own risks. Sincere efforts have been made to present the right investment perspective.
- 7.4.4.5. Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

- 7.4.4.6. *Investment in market subjected to market risk, hence we don't offer any commitment services. You should therefore carefully consider your financial condition. These are leveraged products that carry a substantial risk of loss on your invested capital or money.*
- 7.4.4.7. *Trading/Investing in share or commodity market may not be suitable for everyone, please ensure that you fully understand the risk involved and do not invest money if you cannot afford to lose.*
- 7.4.4.8. *Past performance does not guarantee future performance. Stock market has inherent market risk.*
- 7.4.5. *The Inspecting Authority has not adequately considered the aforementioned risk disclosures made on its website and in email communications with clients. This failure constitutes an incomplete assessment of the facts and potentially erroneous conclusions.*
- 7.4.6. *Regarding the alleged excerpts from WhatsApp chats mentioned in the Notice (paragraph 23), Noticee emphasizes that:*
- 7.4.6.1. *SEBI has selectively quoted excerpts from the entire conversation, failing to consider the entire context of the communication.*
- 7.4.6.2. *In the absence of forensic verification, the authenticity and attribution of the alleged chats to Noticee or its employees cannot be established.*
- 7.4.7. *Noticee contrasts the Inspecting Authority's reliance on unsubstantiated evidence with its own demonstrably concrete measures of risk disclosure, as evidenced by the website disclaimers and documented email communications with clients.*
- 7.4.8. *Furthermore, Noticee draws attention to the Order of the SEBI in the matter of Star World Research wherein it was held that:*
- "The material on record does not indicate that the aforesaid emails addresses belonged to the Noticee. Further, the call recordings are not supported by any further examination. Hence, I am unable to rely on them to arrive at any finding of violation with respect to the making promises of assured or unrealistic return, as alleged". This precedent underscores the importance of verifiable evidence in such cases.*
- 7.4.9. *Based on the aforementioned denials, clarifications, and supporting evidence, Noticee contests the serious allegations levelled against it in the Notice. Noticee urges the Inspecting Authority to conduct a thorough and unbiased re-evaluation of*

*the matter, taking into account all relevant evidence and established legal precedents.*

*7.4.10. Further, with regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. In that regard the Noticee stated that if his intention was of defrauding the clients then he would not have opted SEBI registration and followed the requisite applicable compliances.*

*7.4.11. Based upon the definition of "fraud" as defined in regulation 2(1)(c) of the PFUTP Regulations, it can be construed that the definition of "fraud" under regulation 2 (c), is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.*

*7.4.12. Further, the Noticee would also like to place the reliance on the following decision of the SEBI: Order in the matter of Star World Research; wherein in the exact same case it was held that "With respect to the definition of "fraud" under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2 (1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc., would not bring the Noticees acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee."*

*7.4.13. Also, the SEBI had in its Order in the matter of Niveshicon Investment Advisor had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c)*

*and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed upon.*

- 7.4.14. Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated January 04, 2022 in the matter of Ms. Suhanika Chourey, wherein the findings of PFUTP violations were set aside as there was no evidence brought out on record.*
- 7.4.15. Hence, by following the principle of doctrine of Stare Decisis, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be removed upon from the Noticee.*
- 7.4.16. The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security" and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/ services, improper risk profiling of the clients, promising/ assuring unrealistic return to clients. Hence, by following the principle of the stare decisis, the PFUTP violations shall be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.*
- 7.4.17. The act of the Noticee during the course of business has been bona fide and in the best interest of its clients. Also, the Noticee has served thousands of clients, out of which only a few were dissatisfied or having grievances, which were duly solved in a timely manner. Further, the officers during the course of examination have checked very few samples, which was inclined towards the clients who have paid large amount of fees or were having any grievance. Hence, the sample data checked/ examined by the SEBI was not ideally distributed and had not taken into consideration relevant records, information and the Noticee's point of view. Further, there might be some instances wherein SEBI observed non-compliances, but if they look into the records shared by the Noticee along-with this reply, it is very*



*clear that the Noticee has complied with the SEBI Regulation in the true letter and spirit of the law.*

7.4.18. Also, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated 16.06.2011, in the matter of **Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011)**, it was held that "5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/ deficiencies to the intermediary at the time of inspection and making it compliant. This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent. For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs."

7.4.19. Also, the Noticee would like to refer the order of the Hon'ble SAT in **Piramal Enterprises Limited v. SEBI** (Appeal No. 466 of 2016, date of Order – May 15, 2019) wherein the Hon'ble SAT has observed that imposition of penalty even meagre will leave an indelible mark and leave a blot on the appellant's spotless image. The Hon'ble SAT also observed that if there is an infraction of a rule, remedial measures should be taken in the first instance and not punitive. Similarly, in the present matter, the Noticee has not committed grave and serious violations hence shall be issued a warning.

8. Vide email dated March 13, 2025 Noticee informed that it had filed settlement application. In view of the same, the matter was kept in abeyance till the disposal of the settlement application. Vide letter dated June 25, 2025 settlement application of the Noticee was rejected.
9. In the interest of natural justice, an opportunity of personal hearing was granted to Noticee on July 18, 2025 via Hearing Notice dated July 01, 2025.
10. The Authorised Representatives (ARs) of the Noticee appeared for the hearing scheduled on July 18, 2025 and reiterated the submissions already made vide reply dated February 14, 2025.

## **CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS**

11. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

**ISSUE I: Whether Noticee has violated the provisions, as alleged in the SCN?**

**ISSUE II- Does the violation, if any, attract monetary penalty u/s 15EB and 15HA of the SEBI Act?**

**ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?**

12. Before proceeding further, it will be appropriate to refer to the relevant provisions.

### ***IA Regulations***

***Regulation 15- General responsibility.***

*(9) - An investment adviser shall abide by Code of Conduct as specified in Third Schedule.*

***Regulation 19- Maintenance of records.***

*(1) An investment adviser shall maintain the following records,-*

*(a) Know Your Client records of the client;*

*(b) Risk profiling and risk assessment of the client;*

*(c) Suitability assessment of the advice being provided;*

*(d) Copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board;*

*(e) Investment advice provided, whether written or oral;*

*(f) Rationale for arriving at investment advice, duly signed and dated;*

*(g) A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice.”*

### ***THIRD SCHEDULE***

#### ***CODE OF CONDUCT FOR INVESTMENT ADVISER***

##### ***1. Honesty and fairness***

*An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.*

##### ***8. Compliance***

*An investment adviser including its [partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the*

conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

**SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.**

**Guidelines for Investment Advisers**

[https://www.sebi.gov.in/legal/circulars/sep-2020/guidelines-for-investment-advisers\\_47640.html](https://www.sebi.gov.in/legal/circulars/sep-2020/guidelines-for-investment-advisers_47640.html)

**SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024**

[https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-investment-advisers\\_83488.html](https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-investment-advisers_83488.html)

**SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019**

<https://www.sebi.gov.in/legal/circulars/dec-2019/measures-to-strengthen-the-conduct-of-investment-advisers-ia-45490.html>

### **PFUTP Regulations**

#### **Regulation 3- Prohibition of certain dealings in securities**

*No person shall directly or indirectly—*

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

#### **Regulation 4 - Prohibition of manipulative, fraudulent and unfair trade practices**

*Regulation 4(2)- Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]:—*

- (k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner*

*and which is designed to, or likely to influence the decision of investor dealing in securities;*

*(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;*

*(s) mis-selling of securities or services relating to securities market;*

*Explanation-For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—*

*(i) knowingly making a false or misleading statement, or ‘*

*(ii) knowingly concealing or omitting material facts, or*

*(iii) knowingly concealing the associated risk, or*

*(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer;*

### ***Securities and Exchange Board of India Act, 1992***

***Section 12A - Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control - No person shall directly or indirectly—***

*(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

*(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*

*(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

### **FINDINGS**

13. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder:

## ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

### 13.1. Noticee Charged fees without agreement and charged fees before entering into agreement.

13.1.1. During inspection it was observed that Noticee charged fees without entering into agreement in 90 instances. Therefore, it was alleged in the SCN that Noticee has violated Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024, which provides that an investment adviser shall maintain copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board.

13.1.2. I note that during inspection it was observed from the agreements that only Noticee has signed the agreements but signature of the client has not been obtained on the agreements which is akin to agreement not entered into as there has to be signature of both the parties to enter into an agreement. Further, it was observed that Noticee took payments from the clients even before entering into agreements with the clients.

13.1.3. I observe from the material available before me that in the following 74 instances either the agreement was not signed by the client/IA or no agreement was provided by the IA.

Sr. No.	Name Of The Client	No. of agreements not signed by the client	No. of agreements signed by the client but not IA	Agreement not provided/ No agreement
1	Jitendra Patel	2		1
2	Sasikanth Maddila	2		
3	A Parasuraman	3	1	1
4	Anoop Koormamthara	1		1
5	Gundluri Pradeep	2		
6	Chowdhury Rabiul Islam			1
7	Chirag K Tolani			5
8	Venkanagouda S Goudar		2	
9	Subburaj	1		1
10	Soumitra Aich	3		2
11	Sammed Sunil Umaje	2		
12	Akshay Chandrakant Walunj	1		1
13	Pawan Ganesh Birla	1		
14	Girraj Prasad Sharma			1
15	Kamal Ranjan Panda			1

16	Kheta Karashanbhai Marand	6		1
17	Mukul Kumar Jha	1		
18	Kumar Sendhil Krishnan	1		
19	Mareddy Sai Bharath Reddy	3		
20	Mohit Gupta	2		
21	Mayur Satish More	2		
22	Maulik Kamleshbhai Shekhada	3		
23	Pilla Venkatesh	2		
24	Niteshkumar Devjibhai Parmar	2		
25	Siraj			1
26	Dimpal Jetharam Kumavat			1
27	Manoj Kumar Tatwal			3
28	Praful Bhupendra Gori	3		
29	Merugu Durga	2		
30	Rajesha Prabhu Kundapura	5		
	Total	50	3	21

13.1.4. I further note from the material available before me that in following 15 instances, though the client had signed the agreement, the fees was collected by the Noticee before entering into an agreement (date of agreement and date of payment mentioned in the agreement are different). The date/time for collection of fee is taken as date of payment mentioned in the agreement.

Sr. No.	Name Of The Client	No of instances
1	Anoop Koormamthara	3
2	Chowdhury Rabiul Islam	1
3	Harsha Ganapati Gujgod	1
4	Chirag K Tolani	3
5	Suresh Srinivasan	1
6	Miral Bipinchandra Nanavati	1
7	Kamal Ranjan Panda	2
8	Pilla Venkatesh	1
9	Kavita Ashutosh Hatkar	1
10	Merugu Durga	1
	Total	15

13.1.5. Further, I note that SEBI received following complaint in SCORES against the Noticee -

S. No.	SCORES Complaint Number	Date of receipt of complaint	Name of Complainant
1	SEBIE/MP23/0000275/1	April 26, 2023	Binu Jacob

13.1.6. I note from the agreement provided by the Noticee, that the agreements are not signed by the complainant Binu Jacob (hereinafter referred to as **complainant**) and without any signature, Noticee has charged fees from the complainant and has provided recommendations to the complainant.

Agreement not signed by the client (complainant) is akin to agreement not entered and without entering into agreement with the client, Noticee charged fees and rendered investment advice to the client.

- 13.1.7. I note that in reply to the SCN and to the inspection findings, Noticee submitted that the clients hesitate to physically sign the entire agreement and hence they confirm it over the email after reading the entire agreement. Also, the clients do confirm the agreement through their registered email id which ensures the authenticity of the confirmation. In this regard, I note from the material available before me that the agreements were not signed by the clients of the Noticee and no documentary evidence is submitted by the Noticee in support of its contention, therefore, the aforesaid contention of the Noticee is not tenable.
- 13.1.8. I also note that Noticee admitted that there has been few/minimal instances where the clients have made the payment prior to the signing of the agreement.
- 13.1.9. In view of the above, since Noticee has accepted that it charged fees without agreement and charged fees before entering into agreement, violation of Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024 stands established.

### **13.2. Noticee did not maintain records of call recording**

- 13.2.1. During inspection it was observed that Noticee was not maintaining call records/ record of interaction, of its clients, in violation of Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024, which provides that IA shall maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to advice has taken place, inter-alia, in the form of Telephone recording.
- 13.2.2. I note from the material available before me that during the course of onsite inspection, when the inspection team sought call records/ record of interaction,

of its clients, the same were not made available to the inspection team and following was submitted by the IA:

*I Minakshi Asavani, Proprietor – Trade Nexa Research Investment Adviser, hereby confirm that in general, Trade Nexa Research investment Adviser is not maintaining call records / record of interaction with its clients / investors and were not made available to the inspection team when sought by them on March 05, 2024 during onsite inspection.*

*However, during browsing of my email tradenexa@gmail.com by the inspection team, recordings of interaction with investors emailed to me by my ex-employee Anubha Sharma from her email address anubhasharma456@gmail.com on October 30 and 31, 2023, who was interacting with the investors on behalf of Trade Nexa Research Investment Adviser, was found by the inspection team. The emails with attachments of call recordings of the investors enclosed in the emails by Anubha Sharma were forwarded to email sebiwro.ilo@gmail.com.*

*No other call records / record of interaction, were made available nor are being maintained by Trade Nexa Research Investment Adviser.*

13.2.3. I note that in reply to the SCN Noticee submitted that they do not maintain call recordings as their interactions with the clients over telephone is very minimal and the communication is done through email and the investment advice is rendered through SMS, the records of which are duly maintained and submitted to the inspecting authority at the time of inspection. However, there are no documents on records to show that the Noticee were maintaining records of their interaction with clients, which the Noticee admitted in its reply to the inspection team. Further, no documents are submitted the Noticee in support of its contention, therefore, the aforesaid contention of the Noticee is not tenable.

13.2.4. In view of the above, I note that during the inspection period, Noticee was not maintaining call records/ record of interaction of its clients and thereby Noticee has violated Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024.



### 13.3. Noticee provided free trial

13.3.1. During inspection it was observed that Noticee offered free trial to the complainant, in violation of Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen the Conduct of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024 which provides that the IAs shall not provide free trial for any products/services to prospective clients

13.3.2. I note that in reply to the SCN Noticee submitted that the said allegation is based on a false complaint.

13.3.3. I note from the material available before me that during inspection, it was observed from the Whatsapp chats between Noticee and the complainant that Noticee offered free trial to the complainant. Relevant excerpts of Whatsapp Chats are as under:

Relevant excerpts from Whatsapp Chats	Date
Complainant: What are your charges and how many days trial IA: Gm, 6k monthly Charge hai Starting Complainant: Trial for how many days IA: One day	16 January 2023

13.3.4. I note that after offering free trial at 9:07 AM on January 16, 2023, Noticee provided a recommendation to the complainant on January 16, 2023 at 14:02 PM. After offering and providing free trial, Noticee took payment for the services from the complainant on January 20, 2023.

13.3.5. I note that in reply to the SCN, Noticee submitted that the said allegation is just based on a false complaint, however I note that in the instant matter appropriateness of the complaint is not in question and from the whatsapp chat available before me I note that Noticee offered one-day trial to the client. Therefore, the aforesaid contention of Noticee is devoid of any merit and hence not tenable.

13.3.6. Based on the above, violation of Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen The Conduct Of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024 stands established.

**13.4. Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.**

13.4.1. During inspection it was observed that Noticee promised guaranteed profit / assurances of loss recovery. Therefore, it was alleged that Noticee violated the provisions of Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b) and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations which provides that an investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market. No person shall directly or indirectly buy, sell or otherwise deal in securities in a fraudulent manner and dealing in securities shall be deemed to be fraudulent if it is disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.

13.4.2. I note that in reply to the SCN, Noticee submitted that he has not assured/ guaranteed returns rather he has provided the advisory services to the clients and have demonstrated that the clients can earn from their trading activities in the securities market.

13.4.3. I note from the call recordings that the Noticee was promising assured returns to investors. In this regard, gist of sample five recordings are as follows –

Sr. No.	Recording Details	Relevant excerpts from Call recordings
1	recording-lite-1-TP114201149***70TP8	Me aapko profit nikal kar deti hu Market me, mein aapko acha result nikal kar dunga
2	recording-lite-1-TP114201267***70TP8	Aaj hi aapko 10k nikal kar aa jayega Me aapko profit de dunga Usme hum trade kar sakte he aaramase nikalte sakte he 5k-7k daily Aarama se recover kar lenge
3	recording-lite-1-TP114205021***70TP8	Basic services me month ka 30k-40k return Premium services ka return 80k-90k
4	recording-lite-1-TP114205226***70TP8	Acha returns nikalenge Daily ka profit 2k-3k nikal sakte he
5	recording-lite-1-TP116928308***70TP8	Me aapko profit karake deti hu Loss recover karake de denge

- 13.4.4. I note that in reply to the SCN, Noticee submitted that SEBI itself in an Order passed by the WholeTime Member in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations. In this regard, I note from the order dated February 08, 2022 in the matter of GRS solution, SEBI observed that without mention of any specific rate of return is mere representation about quality/ accuracy of his tips and does not amount to promising assured returns, however, in the instant matter, I noted from the call recordings that Noticee promised certain fixed amount of return to its clients. Therefore, the aforesaid contention of the Noticee is not tenable.
- 13.4.5. I also note that Noticee submitted that it send an email to its clients while onboarding which clearly states that your capital is at risk and they do not claim any profit guaranteed services, and the same is also mentioned on their website. However, I note that while interacting with its clients, Noticee was promising guaranteed return to its clients. Therefore, I observe that the aforesaid contention of Noticee is devoid of any merits.
- 13.4.6. Noticee also referred to the Order of the SEBI in the matter of Star World Research wherein it was held that: *"The material on record does not indicate that the aforesaid emails addresses belonged to the Noticee. Further, the call recordings are not supported by any further examination. Hence, I am unable to rely on them to arrive at any finding of violation with respect to the making promises of assured or unrealistic return, as alleged"*.
- 13.4.7. In this regard, I note from the material available before me that in the instant matter, during onsite inspection, when the inspection team sought call records/ record of interaction, of its clients, the same were not made available to the inspection team and following was submitted by the Noticee among other things-

*However, during browsing of my email tradenexa@gmail.com by the inspection team, recordings of interaction with investors emailed to me by my ex-employee Anubha Sharma from her email address anubhasharma456@gmail.com on October 30 and 31, 2023, who was interacting with the investors on behalf of Trade Nexa Research Investment Adviser, was found by the inspection team. The*

*emails with attachments of call recordings of the investors enclosed in the emails by Anubha Sharma were forwarded to email sebiwro.ilo@gmail.com.*

- 13.4.8. Therefore, on the basis of above statement of Noticee during inspection, I observe that the call recordings in the instant matter was forwarded by the Noticee itself to the SEBI inspection team. Hence the reference of the Noticee to the order of SEBI in the matter of Star world research is devoid of any merits as the call recordings were obtained from Noticee itself.
- 13.4.9. Noticee also submitted that the definition of "*fraud*" alone does not bring an act within the purview of PFUTP Regulations. There has to be "*dealing in securities*" as defined under regulation 2(1)(c) of PFUTP Regulations. In this regard, I note that Regulation 4(2)(k) provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.
- 13.4.10. In the instant matter by promising assured return, Noticee knowingly misled/ induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services. Therefore, I note that the Noticee dealt in securities in the fraudulent manner and the aforesaid contention of the Noticee is not tenable.
- 13.4.11. I observe from the above that Noticee provided assurance of returns/ loss recovery to its clients. The said statements cannot be said to be merely marketing gimmicks and are in the nature of promising assurance of returns/ loss recovery and thereby, I observe that Noticee knowingly misled/ induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.
- 13.4.12. I note that during inspection, it was observed from whatsapp chats between the complainant and Noticee that Noticee promised guaranteed profit/ assurances of loss recovery. The relevant extracts are as follows –

Relevant excerpts from Whatsapp Chats	Date
IA: oh ok, Give me 1.5-2 lac capital and 1.5-2 month time I will recover Your all losses Complainant: Give me means IA: Means we will recover this loss in 1-2 month time period and it's requires 1.5-2lac capital	16 January 2023

Complainant: Maruti 9000 profit hogana sir Chota amount he phirbhi IA: Bina tension rakhiye aaram se profit aayega Target 160-170 hai 200 tak b ja skta hai	24 January 2023
Complainant: One month 25000 profit u mean to say with this service IA: Aap smjhe nhi mam Abhi 6k wali service me aap 1-2 lots ka hi trade kar skte hai or target chhota rahega Premium service me aap 3-5 lots trade kar skte hi aur target bada rahega basic se Is ratio se hi kaam hota hai service ke according hi qty le sakte hain Complainant: Premium service ka cost IA: 25k, Quarterly 60k me Complainant: For one month 25k IA: Ji mam agr aap karna chahenge to aapka 6k isme adjust karasakta hu 6k ki service mein bada kaam nhi de skta na mam Aap service b upgrade nhi karna chahte Complainant: Kitna service me bada IA: One lac fund hai to abhi premium 25k premium wala service hi milega fund 2-3 lac hota to 55k HNI wale me kar kte the Upgrade karna chahte hai to purana 6k add kara dunga to remeaning 19k hi dena hoga Lekin service aapko fresh one month ho jayegi Is type ka trade rahega ye client ka hai screenshot 2 lots kiye the unhone 46 se tg 55-56 Complainant: For one mnth 25k IA: Ji mam agr aap karna chahenge to aapka 6k isme adjust kara skta hu Mtlb 19k hi dena rahega Compalinant: Ok Monday IA: ?? Monday kya mam Complainant: Pay 19 IA: ok mam Chalega Complainant: but mera 5 lakhs recover hogana IA: 18 jan se aap kaam kar rahe hai mam ab to aapko b service clear hai Complainant: Ha but thoda tension IA: Mt tension lijiye bus aaram se kaam karenge to accha kaam hoga Loss cover hoga but time lenge jalsbaji nhi karenge	4 February 2023
IA: loss ka issue nhi hai wo to me ek week me hi cover kara dunga	22 February 2023
IA: loss recover aaram se ho jayegi aap uska koi tension mt lijiye	23 February 2023
IA: nhi mam Adani jesa nhi hoga Friday night USA market gira tha isliye IT sector down gaya aaj LTIM profit me boo ho jayega	27 February 2023
IA: haan Loss to me kara dunga cover around 50-55k to ho gaya hai cover Complainant: Please recovery kardena mere losses ka IA: haan mam aaram se ho jayega	10 March 2023
IA: ba bada position hoga hi nhi to loss ke chance hi nhi rahenge Aap 15 days bus trade dekh lo	29 March 2023

13.4.13. I note from the above chats, that Noticee is telling its client that it will recover the losses. The above chats are not an actual promise of assured returns but just an assurance that loss may be recovered in some time.

13.4.14. In view of above, I observe that Noticee has not knowingly made false and misleading representation to its client in the aforesaid one instance.

13.4.15. However, Noticee has violated the provisions of Regulations 3 (a)(b)(c)(d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b)

and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations for assuring returns to its clients on call.

**ISSUE II: Does the violation, if any, on part of the Noticee attract penalty u/s 15EB and 15HA of SEBI Act?**

14. In view of the violations as established above, I find that this is a fit case for penalty u/s 15EB and 15HA of the SEBI Act, which reads as given below:

***Relevant provision of SEBI Act:***

***15HA- Penalty for fraudulent and unfair trade practices.-*** *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

***15EB- Penalty for default in case of investment adviser and research analyst.-*** *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 III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?**

15. While determining the quantum of penalty u/s 15EB and 15HA of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

*15J - Factors to be taken into account by the adjudicating officer*

*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.”*

16. 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 may not be possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. As SEBI registered intermediary, Noticee is under statutory obligation to comply with the applicable circulars, rules and regulations. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, non-compliances/ violations by the Noticee deserves and attracts suitable penalty. As per available records, no past action has been taken by SEBI against the Noticee.

### **ORDER**

17. Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned u/s 15-I of the SEBI Act r/w rule 5 of the Adjudication Rules, I impose the following penalty u/s 15 HA and 15EB of the SEBI Act on the Noticee:

<b>Name of entity</b>	<b>Penalty Provisions</b>	<b>Penalty</b>
Trade Nexa Research Investment Advisor, (Prop - Minakshi Asavani)	Section 15HA of SEBI Act	Rs. 5,00,000 (Rupees Five Lacs Only)
	Section 15EB of SEBI Act	Rs. 2,00,000 (Rupees Two Lacs Only)

I am of the view that the said penalty is commensurate with the lapse/ omission on the part of the Noticee.

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](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

**ENFORCEMENT → Orders → Orders of AO → PAY NOW**

In case of any difficulties in payment of penalties, Noticee may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in).

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 u/s 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 the provisions of rule 6 of the SEBI Rules, a copy of this order is being sent to the Noticee and also to SEBI.

**Place: Mumbai**

**Date: August 12, 2025**

**AMIT KAPOOR  
ADJUDICATING OFFICER**