

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO. Order/JS/VC/2025-26/31603)**

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
SMC Global Securities Limited
(PAN: AAACS0581R)
(SEBI Registration No. INZ000199438)**

In the matter of SMC Global Securities Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted inspection of SMC Global Securities Limited, stock broker (hereinafter referred to as the '**Noticee**' or '**SMC**'), having Registration No. INZ000199438. The said inspection was conducted by SEBI along with the stock exchanges on June 18 and 19, 2024, for the period from April 01, 2023 to April 30, 2024 (hereinafter referred to as '**Inspection Period**'). SEBI communicated the findings/ observations made during the course of inspection to Noticee vide letter dated September 11, 2024. Noticee submitted its comments on the aforesaid findings of the inspection vide e-mail dated September 23, 2024.
2. Based on the findings of inspection, SEBI initiated adjudication proceedings against the Noticee for violating the following provisions:
 - (a) NSE Exchange circular No. NSE/MEMB/7400 dated April 20, 2006 and clause d) of "Trading Member" of Chapter 2(D) and clause a) of "Trading terminals" of Chapter 2(D) of NSE Exchange circular No. NSE/MA/22732 dated February 13, 2013;

- (b) Regulation 26(xix), 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as the '**Stock Brokers Regulations**');
- (c) Clause 5.1 MCX/INSP/286/2024 dated April 30, 2024;
- (d) NCDEX/Compliance-034/2024 dated April 30, 2024;
- (e) NCDEX/Trading-014/2024 dated April 29, 2024.

APPOINTMENT OF ADJUDICATING OFFICER

3. Pursuant to transfer to the erstwhile Adjudicating Officer (hereinafter referred to as '**AO**') who had been appointed so vide order dated December 30, 2024, the undersigned was appointed as AO in the matter vide order dated April 02, 2025, under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the '**SEBI Act**') read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Rules**'), to inquiry into and adjudge under the provisions of section 15HB of the SEBI Act for the abovementioned violations alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice bearing Ref. No. SEBI/HO/EAD-8/AS/VC/1339/1-3/2025 dated January 13, 2025 (hereinafter referred to as '**SCN**') was issued to the Noticee in terms of the provisions of rule 4(1) of the Rules read with section 15-I of the SEBI Act, requesting Noticee to show cause as to why an inquiry should not be held against it and penalty, if any, should not be imposed upon the Noticee under section 15HB of the SEBI Act for the alleged violations.
5. The SCN dated January 13, 2025, *inter alia*, alleged the following:
 - (A) "Observations w.r.t. CTCL terminals of NSE:
 - (i) *On the date of visit to the office of the Noticee during inspection, it was observed that 20 NSE CTCL terminals of the Noticee, out of reported 262 NSE CTCL terminals, were not found at the location reported to the exchange (NSE) by the Noticee.*
 - (ii) *Therefore, it is alleged that the Noticee has violated the following provisions:*

- (a) NSE Exchange circular no. NSE/MEMB/7400 dated April 20, 2006 and clause d) of “Trading Member” of Chapter 2(D) and clause a) of “Trading terminals” of Chapter 2(D) of NSE Exchange circular no. NSE/MA/22732 dated February 13, 2013.
- (b) Regulation 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations.

(B) Observations w.r.t. CTCL terminals of MCX:

- (i) W.r.t. Noticee’s CTCL terminals of MCX, it was observed that Noticee has uploaded incorrect CTCL terminal location / address details with the exchange (MCX) for 3 CTCL terminals as detailed below:

Table No.- 1

User Id	CTCL Id	User Name	CTCL Id found to be operating at location (address)	CTCL address updated in the exchange record
10025	700001168249	Prasanta Jana	Poddar Court, Gate no.4, 5 th Floor, 18 Rabindra Sarani, Kolkata – 700001,	18 Rabindra Sarani, Poddar Court Gate No-4 3rd Floor, Room No-320, Kolkata – 700001
10006	700001168251	Goutam Podder	Poddar Court, Gate no.4, 5 th Floor, 18 Rabindra Sarani, Kolkata – 700001,	18 Rabindra Sarani, Poddar Court Gate No-4 3rd Floor, Room No-320, Kolkata – 700001
10020	700001168252	Dinabandhu Raul	Poddar Court, Gate no.4, 5 th Floor, 18 Rabindra Sarani, Kolkata – 700001,	18 Rabindra Sarani, Poddar Court Gate No-4 3rd Floor, Room No-320, Kolkata – 700001

- (ii) Therefore, it is alleged that the Noticee has violated the following provisions:

- (a) Clause 5.1 of MCX/INSP/286/2024 dated April 30, 2024.
- (b) Regulation 26(xix), 9(b), and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations.

(C) Observations w.r.t. CTCL terminals of NCDEX:

- (i) W.r.t. Noticee’s CTCL terminals of NCDEX, it was observed that 2 terminals of NCDEX were being operated at a different floor of the same building than the location of floor reported to the exchange (NCDEX), as detailed under:

Table No.- 2

Terminal Login Id	Terminal User Name	CTCL data format as per exchange	Terminal location as per physical verification	Terminal location reported to the exchange
CNT01	Chinmoy Mukhopadhyay	929009700001	Poddar Court, 18 Rabindra Sarani, Gate No. 4, 5 th	Poddar Court, 18 Rabindra Sarani, Gate No.

			Floor, Kolkata - 700001	4, 4th Floor, Kolkata - 700001
PCT303	Anirban Ganguly	813003700001	Poddar Court, 18 Rabindra Sarani, Gate No. 4, 4th Floor, Kolkata - 700001	Poddar Court, 18 Rabindra Sarani, Gate No. 4, 5th Floor, Kolkata - 700001

(ii) Therefore, it is alleged that the Noticee has violated the following provisions:

(a) NCDEX/Compliance-034/2024 dated April 30, 2024.

(b) NCDEX/Trading-014/2024 dated April 29, 2024.

(a) Regulation 26(xix), 9(b), and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations.”

6. I note that the SCN issued to Noticee was duly served upon it. Vide email dated January 27, 2025, Noticee requested extension of 15 days’ time to file its reply to the SCN, which was granted. Thereafter, vide email dated February 07, 2025, Noticee submitted its reply to the SCN.

7. The relevant extracts of the Noticee’s reply dated February 07, 2025 is reproduced below:

(A) “Observations w.r.t. CTCL terminals of NSE:

It is submitted that the 19 CTCL terminals identified were in the process of undergoing an address shift from their one branch location to another branch location. The request for shifting of IDs was made by the branch to the centralised CTCL terminal processing team. It is further submitted that any shifting in the exchange system becomes effective from T+1 day, where T day is the day of making requests on the exchange portal. While the shifting request was under process, the branch inadvertently shifted the terminal on T day itself, assuming that the new CTCL terminal becomes effective on the same day. However, since the inspection was conducted on June 18, 2024, records were not updated in the Exchange records. It is submitted that these IDs were duly updated on exchange platform on same date.

Further we would like to draw your attention to NSE Circular No. NSE/MA/22732 dated February 13, 2013, under clause a) of "Trading Terminals" in Chapter 2(D):

“Trading Terminals: a) Location: The location of the trading terminal is required to be only in the main/branch offices ...”

It is important to highlight that considering multiple CTCL terminals were already in operation at both locations, both the old and new locations were already registered and approved office spaces of SMC. Even before shifting of the said terminal the new location was already operational with 21 CTCL IDs operating from that location. The address was already in exchange records. This reinforces that the changeover occurred within the

regulatory framework and did not involve any unauthorized or undisclosed terminal operations and all CTCL terminals were operated exclusively from disclosed locations.

With respect to CTCL terminal 700001111111 issued to user Mr. Mohd Waquar Kalam, we would like to submit that this terminal ID was not a dealer terminal id through which order can be placed by the dealer. Rather it was linked to the Payment Gateway to facilitate the receipt of online payments from clients directly into the trading platform in real-time. This setup is an essential requirement of the trading terminal architecture, where a terminal ID is required to route client payments efficiently. It is important to highlight that while this ID needed to be created as a trading server in the internal system for operational purposes, its registration at the Exchange was not a requirement. The ID was updated on the Exchange platform with the intent of maintaining transparency and keeping the Exchange informed, wherein the declared purpose of the ID, as registered with the Exchange, was for "View Only," which can be verified through the enclosed print screen. To substantiate our contention, it is submitted that the id was created 9 years back on December 21, 2015. However, it can be verified from exchange records that till date no order was placed through this terminal.

In view of the above, we respectfully request that observation be reconsidered, and as the shifting of the CTCL terminals had already been initiated and we urge your good self to review the matter holistically and kindly withdraw these observations, considering the procedural intent and absence of any deliberate non-compliance.

(B) Observations w.r.t. CTCL terminals of MCX:

It has been observed that on the date of inspection, CTCL terminal location/ address details with the MCX database for 3 CTCL terminals were uploaded incorrectly.

In this regard, we would like to submit that the discrepancy observed was purely typographical and not a procedural lapse, wherein the floor number was incorrectly recorded in the MCX system. This is evident from the fact that the registered address for the same unique three CTCL IDs for the operator was correctly mentioned as the 5th floor in NSE, BSE, and NCDEX records. However, in MCX records, the address for these three CTCL terminals was inadvertently entered as the 3rd floor.

It is important to note that within the CTCL application framework, each CTCL terminal operates with a single login session, ensuring that multiple logins at the same time are not possible for a single terminal operator. This inherent system control prevents any simultaneous access from different locations.

This address was physically verified by the NSE, BSE and NCDEX officials on same date, i.e., 18 June 2024 of inspections and they found three unique terminals in order, as there are no observations on these three unique terminals, wherein due to manual data entry, the discrepancy persisted in the MCX database. It would not be out of order to place on record that there was no SMC office on the 3rd floor of the mentioned address. This further substantiates that the discrepancy in the MCX records was purely a typographical error and not a procedural lapse.

Upon identifying the error, we promptly rectified the records with MCX, and the correct address is now reflected in the system. Despite the administrative discrepancy in floor

number of the address, the terminals were operating from the same building location that is "registered and approved office location" of SMC, and there was no misuse or unauthorized usage of trading terminals.

In view of the above, we request that this observation be dropped as it was a bona fide typographical error that has already been rectified, and no regulatory violations were intended.

(C) Observations w.r.t. CTCL terminals of NCDEX:

It was observed that two NCDEX terminals were being operated from a different floor of the same building than the location reported to the Exchange.

In this regard, we would like to submit that the discrepancy observed was purely typographical and not a procedural lapse, wherein the floor number was incorrectly recorded in the NCDEX system. This is evident from the fact that the registered address for the same unique two CTCL IDs for the operator was correctly mentioned in NSE, BSE, and MCX records. However, in NCDEX records, the address for these three CTCL terminals was inadvertently entered with the wrong floor number of the same building of SMC office.

It is important to note that within the CTCL application framework, each CTCL terminal operates with a single login session, ensuring that multiple logins at the same time are not possible for single terminal operator. This inherent system control prevents any simultaneous access from different locations.

This address was physically verified by the NSE, BSE and MCX officials on same date of inspections, i.e., 18 June 2024 and they found two unique terminals in order, as there are no observations on these two unique terminals, wherein due to manual data entry, the discrepancy persisted in the NCDEX database. It would not be out of order to place on record that both floors are offices of SMC in the same building and single location. This further substantiates that the discrepancy in the NCDEX records was purely a typographical error and not a procedural lapse.

Upon identifying the error, we promptly rectified the records with NCDEX, and the correct address is now reflected in the system. Despite the administrative discrepancy in floor number of the address, the terminals were operating from the same building location that is "registered and approved office location" of SMC, and there was no misuse or unauthorized usage of trading terminals.

In view of the above, we request that this observation be dropped as it was a bona fide typographical error that has already been rectified, and no regulatory violations were intended."

8. Vide notice of hearing dated May 14, 2025, an opportunity of personal hearing on May 28, 2025 was granted to the Noticee. On May 28, 2025, authorised representatives of the Noticee (hereinafter referred to as 'AR'), Mr. Ajay Garg, Director and CEO, Mr. Vikas Sethi, Chief Compliance and Surveillance Officer, Mr.

Yashpal Chopra, Chief Operating and Risk Officer and Mr. Mukesh Budhiraja, AVP - Risk Management and Operations attended the personal hearing through video-conferencing and reiterated the submissions made by the Noticee vide letter dated February 07, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully perused the charges levelled against the Noticee in the SCN, its reply, submissions made during personal hearing and material available on record. The issues that arise for consideration in the present case are as follows:

- I. Whether 20 NSE CTCL terminals of Noticee were located at a place other than what was declared to the stock exchange and thereby Noticee violated the provisions of NSE Exchange circular No. NSE/MEMB/7400 dated April 20, 2006 and clause d) of "Trading Member" of Chapter 2(D) and clause a) of "Trading terminals" of Chapter 2(D) of NSE Exchange circular No. NSE/MA/22732 dated February 13, 2013; and regulation 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations??
- II. Whether Noticee uploaded incorrect terminal location / address details of 3 CTCL MCX terminals with MCX and thereby violated clause 5.1 of MCX/INSP/286/2024 dated April 30, 2024; and regulation 26(xix), 9(b), and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations?
- III. Whether Noticee's 2 CTCL terminals of NCDEX were being operated at a different floor of the same building than the floor reported to NCDEX and thereby violated the provisions of NCDEX/Compliance-034/2024 dated April 30, 2024, NCDEX/Trading-014/2024 dated April 29, 2024 and regulation 26(xix), 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations.
- IV. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?

V. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?

10. Before proceeding further, it is pertinent to refer to the relevant provisions of Stock Brokers Regulations and stock exchange circulars which are alleged to have been violated by the Noticee. The said provisions are reproduced below for reference:

NSE Exchange circular No. NSE/MA/22732 dated February 13, 2013:

“Clause a) of “Trading terminals” of Chapter 2(D):

“Trading terminals

a) Location: The location of the trading terminal is required to be only in the main/branch offices or in the office of the registered Sub-broker (only in CM segment) / approved Authorised Person (CM / FNO / CD Segment) of the trading member or at the co-location facility provided by the Exchange or at the Third party data centres/service providers site. However, internet trading terminal used by the clients for sourcing information or order placing may be located at the premises of the clients. No bills / contract notes etc. should be issued by such clients from their premises. For this purpose, a client is a person who buys and sells securities on his own account.

Note:

- Co-location facility can be used only for DMA, Algo and Smart Order Routing.*
- Third party data centre/ service provider site can host Trading/ Internet/ CTCL server of the member.”*

Clause d) of “Trading Member” of Chapter 2(D):

“Trading Member:

d) Penal/ Disciplinary Action:

i. If any terminal is found located at a place other than what is declared to the Exchange, penalty shall be levied in accordance to the Exchange Circular issued by Inspection department from time to time. Moreover, it is re-iterated that the trading members shall continue to be responsible for all obligations arising out of their terminals.

ii. No CTCL terminal(s) shall be allotted by trading member without prior approval of the Exchange and use of terminal(s) shall be treated as Unauthorised and in violation of the requirements. Such trading members shall be liable for disciplinary action as may be deemed fit including withdrawal of the User Id that is granted to the CTCL server from which the Trading Member has extended the CTCL trading facility to such locations, without notice and / or reference, or withdrawal of trading rights entirely.”

SEBI (Stock Brokers) Regulations, 1992:

“Conditions of registration.

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

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

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and

SCHEDULE II: Code of Conduct for Stock Brokers

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.

Liability for monetary penalty.

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

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

MCX/INSP/286/2024 dated April 30, 2024:

“5.1 Guidelines for location of CTCL terminals and usage thereof

Trading terminals shall be located only in the main / branch offices of the trading member or in the office of a registered Authorised person of the trading member for the operations of the trading member.

Members will be held responsible and accountable for all acts of omission and commission of his Authorised persons and/or their employees at their branches including conducting “informal” Illegal trades.

Members are required to examine whether such terminals/locations are being commercially sustained by using them for purposes other than trading on the Exchange platform such as for conducting “informal” Illegal trades.

All Members are hereby advised to regularly monitor and review the trading activities/turnover from all the terminals located at all their Branch/AP locations and undertake necessary actions/investigations including conduct of surprise & periodic inspections in this regard.

Members are also advised to conduct an analysis of trends in trading volumes at different terminals and conduct close review of activities being conducted at the addresses at which trading terminals with low volume or declining trend of volumes are observed.

The Exchange may seek report from Members in this regard as and when found necessary. Accordingly, Members are advised to install appropriate internal systems & procedure for such inspections /monitoring and report generation.

Members are advised to ensure that all their approved users/person have valid certification as specified by SEBI/ Exchange from time to time and no trades are executed without a valid certification.

Members should ensure that correct and updated information relating to trading terminal and certification is reported to the Exchange and any non-compliance in this regard shall attract appropriate disciplinary actions including levy of penalty.

Members are advised to take note of the same and put in place systems and procedures to ensure adherence to the compliance requirements.

“Pro – account” trading terminal (SEBI Circular SEBI/MRD/SE/CIR-32/2003/27/08 dated August 27, 2003)

Disclosure of proprietary trading by Broker to Client (SEBI Circular no. SEBI/MRD/SE /CIR-42/2003 dated November 19, 2003).”

NCDEX circular No. NCDEX/Compliance-034/2024 dated April 30, 2024:

Sr. No	Details of Contravention	Penalty/ Disciplinary Action	Penalty/ Disciplinary Action in case of Repeat Violation
82	Minor Errors like difference in User details / Status of terminals in upload of CTCL/Trading terminal details / Upload of CTCL/BSE Trading Terminal (as applicable) details with incorrect terminal location (Non-Trading ids to be excluded while levying fine)	a) Up to 5 trading terminals- Rs. 1,000/- per terminal b) More than 5 trading terminals- Rs.5,000/- per terminal.	Increase penalty amount by 50%

11. Based on perusal of the material on record and submissions of the Noticee, the issues raised in this matter are dealt in the following paragraphs.

Issue I. Whether 20 NSE CTCL terminals of Noticee were located at a place other than what was declared to the stock exchange and thereby Noticee violated the provisions of NSE Exchange circular No. NSE/MEMB/7400 dated April 20, 2006 and clause d) of “Trading Member” of Chapter 2(D) and clause a) of “Trading terminals” of Chapter 2(D) of NSE Exchange circular No. NSE/MA/22732 dated February 13, 2013; and regulation 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations?

12. It was alleged in the SCN that on the date of visit to office of the Noticee during inspection on June 18, 2024, 20 NSE CTCL terminals of Noticee out of the reported

262 NSE CTCL terminals were not found at the location reported by the Noticee to NSE.

13. I note that as per NSE circular No. NSE/MA/22732 dated February 13, 2013, if any terminal is found located at a place other than what is declared to the exchange, penalty shall be levied in accordance to the exchange circular issued by inspection department from time to time. Further, Stock Brokers Regulations provides that stock broker shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him.
14. In response to above allegations, Noticee admitted the violation and stated that 19 CTCL terminals were undergoing in the process of an address shift from their one branch location to another branch location. The request for shifting of IDs was made by the branch to the centralised CTCL terminal processing team. Any shifting in the exchange system becomes effective from T+1 day, where T day is the day of making requests on the exchange portal. While the shifting request was under process, the branch inadvertently shifted the terminal on T day itself, assuming that the new CTCL terminal becomes effective on the same day. Since the inspection was conducted on June 18, 2024, records were not updated in the exchange records. In this regard, Noticee in its post inspection reply dated September 23, 2024 stated that *“Please note that we had duly reported shifting of these 21 terminals on very same day i.e. June 18, 2024 evening to exchange but as the connectivity was already shifted to new location/branch, we were bound to operate these terminals from new location/branch since morning itself to avoid any inconvenience to clients.”* The conduct of the Noticee reporting the shifting of terminals to stock exchange in the evening of the date of inspection wherein the inspection team had already noticed that these terminals were not found at the place declared to the stock exchange, appears to be an afterthought. In view of the above, I am not inclined to accept the justification of the Noticee. Further, I note that the Noticee admitted that while the shifting request was under process, the branch inadvertently shifted the terminals. The aforesaid admission of the Noticee proves that the Noticee failed to exercise due skill and care in the conduct of its business. Therefore, I find that the allegation in the SCN that 19 NSE CTCL terminals of Noticee were located at a place other than what was declared to the stock exchange on the date of inspection, is

established. Thus, the said conduct of the Noticee amounts to extending use of trading terminal to an unauthorized place.

15. With respect to remaining 1 NSE CTCL terminal, viz., 700001111111, Noticee submitted that it was issued to user Mr. Mohd Waquar Kalam and this terminal ID was not a dealer terminal ID through which order can be placed by the dealer. In fact, it was linked to the Payment Gateway to facilitate the receipt of online payments from clients directly into the trading platform in real-time. This setup is an essential requirement of the trading terminal architecture, where a terminal ID is required to route client payments efficiently. Noticee further submitted that while this ID needed to be created as a trading server in the internal system for operational purposes, its registration at the stock exchange was not a requirement. The ID was updated on the exchange platform with the intent of maintaining transparency and keeping the exchange informed, wherein the declared purpose of the ID, as registered with the exchange, was for "View Only," which was created 9 years ago. Noticee further submitted that it can be verified from exchange records that no order was placed through this terminal till date. Therefore, in view of the reply made by the Noticee, I am inclined to accept the submissions of the Noticee w.r.t. said 1 NSE CTCL terminal.
16. In view of the findings made at para No. 14 above, I hold that the Noticee violated the following provisions:
 - (a) NSE Exchange circular No. NSE/MEMB/7400 dated April 20, 2006 and clause d) of "Trading Member" of Chapter 2(D) and clause a) of "Trading terminals" of Chapter 2(D) of NSE Exchange circular no. NSE/MA/22732 dated February 13, 2013;
 - (b) Regulation 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations.

Issue II. Whether Noticee uploaded incorrect terminal location / address details of 3 CTCL MCX terminals with MCX and thereby violated clause 5.1 of MCX/INSP/286/2024 dated April 30, 2024 and regulation 26(xix), 9(b), and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations?

17. SCN alleged that the Noticee had uploaded incorrect CTCL terminal location / address details with the exchange (viz., MCX) for 3 CTCL terminals.
18. As per MCX circular no. MCX/INSP/286/2024 dated April 30, 2024, members should ensure that correct and updated information relating to trading terminal and certification is reported to the exchange and any non-compliance in this regard shall attract appropriate disciplinary actions including levy of penalty.
19. With respect to above allegations, Noticee submitted that the discrepancy observed was typographical and not a procedural lapse, wherein the floor number was incorrectly recorded in the MCX system. This is evident from the fact that the registered addresses of the operators for these three unique CTCL terminals were correctly mentioned as the 5th floor in NSE, BSE and NCDEX records. For example, in the case on one of the operators namely Prasanta Jana, he is authorized to use 4 CTCL terminals, i.e., BSE EQ, BSE FO, NSE EQ and NSE FO segments in addition to MCX. However, in MCX records, the address for these three CTCL terminals was inadvertently entered as the 3rd floor. This address was physically verified by NSE, BSE and NCDEX officials on same date, i.e., June 18, 2024 of inspections and they found three unique terminals in order. As there are no other observations on these three unique terminals, the discrepancy persisted in the MCX database due to manual data entry. It further stated that there was no SMC office on the 3rd floor, which substantiates that the discrepancy in the MCX records was a typographical error and not a procedural lapse.
20. Noticee further submitted that upon identifying the error, it promptly rectified the records with MCX and the correct address is now reflected in the system. Despite the administrative discrepancy in floor number of the address, the terminals were operating from the same building location that is "registered and approved office location" of SMC and there was no misuse or unauthorized usage of trading terminals.
21. In view of the above submissions of the Noticee that it was a typographical error on the part of the Noticee as the terminals were operated from the same building location which was rectified by the Noticee on identification and the registered addresses of the operator were correctly mentioned in NSE, BSE and NCDEX

records, I am inclined to accept the submissions of the Noticee. Thus, I hold that the allegation of violating the provisions of clause 5.1 of MCX/INSP/286/2024 dated April 30, 2024 and regulation 26(xix), 9(b), and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations is not established.

Issue III. Whether the Noticee's 2 CTCL terminals of NCDEX were being operated at a different floor of the same building than the floor reported to NCDEX and thereby violated the provisions of NCDEX/Compliance-034/2024 dated April 30, 2024, NCDEX/Trading-014/2024 dated April 29, 2024 and regulation 26(xix), 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations?

22. SCN alleged that 2 terminals of NCDEX were being operated at a different floor of the same building than the floor reported to the exchange (NCDEX).
23. I note that NCDEX circular No. NCDEX/Compliance-034/2024 dated April 30, 2024 provides for uploading of CTCL/BSE trading terminal details and prescribe penalty of Rs. 1,000/- per terminal up to 5 trading terminals for uploading incorrect terminal location.
24. With regard to allegations of incorrect terminal location of 2 NCDEX CTCL terminals, Noticee submitted that the discrepancy observed was typographical and not a procedural lapse, wherein the floor number was incorrectly recorded in the NCDEX system. This is evident from the fact that the registered address of the operators of these two unique CTCL terminals were correctly mentioned in NSE, BSE, and MCX records. For example, in the case on one of the operators namely Chinmoy Mukhopadhyay, he is authorized to use 4 CTCL terminals, i.e., BSE, BSE CDS, BSE FO, NSE EQ segments in addition to NCDEX. However, in NCDEX records, the address for these two CTCL terminals was inadvertently entered with the wrong floor number of the same building of SMC office. This address was physically verified by the NSE, BSE and MCX officials on same date of inspections, i.e., June 18, 2024 and they found two unique terminals in order. As there are no observations on these two unique terminals, the discrepancy persisted in the NCDEX database due to manual data entry. It further stated that both floors are offices of SMC in the same

building and at the same location, which further substantiates that the discrepancy in the NCDEX records was a typographical error and not a procedural lapse.

25. Noticee further submitted that upon identifying the error, it promptly rectified the records with NCDEX and the correct address is now reflected in the system. Despite the administrative discrepancy in floor number of the address, the terminals were operating from the same building location that is "registered and approved office location" of Noticee and there was no misuse or unauthorized usage of trading terminals.
26. In view of the above submissions of the Noticee that it was a typographical error on the part of the Noticee as the terminals were operated from the same building location which was rectified by the Noticee on identification and the registered address of the operators of these two unique CTCL terminals were correctly mentioned in NSE, BSE and MCX records, I am inclined to accept the submissions of the Noticee. Thus, I hold that the allegation of violating the provisions of NCDEX/Compliance-034/2024 dated April 30, 2024, NCDEX/Trading-014/2024 dated April 29, 2024 and regulation 26(xix), 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations is not established.

Issue VII. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?

27. In the light of findings and observations made against the Noticee in the foregoing paragraphs, it has been established that the Noticee violated the provisions of NSE Exchange circular No. NSE/MEMB/7400 dated April 20, 2006 and clause d) of "Trading Member" of Chapter 2(D) and clause a) of "Trading terminals" of Chapter 2(D) of NSE Exchange circular no. NSE/MA/22732 dated February 13, 2013 and regulation 9(b) and clause A(1), A(2) and A(5) of Schedule II read with regulation 9(f) of Stock Brokers Regulations. The said violation by the Noticee attracts monetary penalty.
28. In this regard, reliance is placed on the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund*, [2006] 68SC 216(SC), wherein it was, *inter-alia*, observed that '*In our considered opinion, penalty is attracted as soon as the*

contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.'

29. The aforesaid violations, make the Noticee liable for penalty under section 15HB of the SEBI Act. The said section reads as follows:

“Penalty for contravention where no separate penalty has been provided.

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

Issue VIII. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?

30. While determining the quantum of penalty, the following factors stipulated in section 15-J of the SEBI Act are taken into account:

“Factors to be taken into account while adjudging quantum of penalty

15J *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.”*

31. In this connection, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of non-compliance to the provisions of NSE circular dated April 20, 2006, NSE circular dated February 13, 2013 and Stock Brokers Regulations is not available from the material available on record. With respect to the repetitive nature of the default, SEBI orders passed against the Noticee in past are summarised below:

Sr. No.	Case Name	Order date	Violation of provisions of Acts / Regulations / Circulars, etc.	Penalty / Regulatory Action
1	In the matter of DSQ Biotech Ltd	January 01, 2008	SEBI (Stock Brokers and Sub Brokers) Regulations, 1992	Censure and advise to exercise due care and diligence
2	In the matter of trading activities of Aditya Kumar Sharma and Abhilash Sharma	July 29, 2011	Code of Conduct as specified in Schedule II of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992	Rs. 50,000/-
3	In the matter of SMC Global Securities Limited	August 02, 2013	Code of Conduct as specified in Schedule II of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and SEBI and exchange circulars	Prohibited from taking up any new assignment or contract or launch a new scheme for a period of three months.
4	In the matter of Gangotri Textiles Ltd	April 24, 2017	Code of Conduct as specified in Schedule II of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992	Warning to exercise due care and due diligence
5	In the matter of SMC Global Securities Ltd.	September 25, 2019	Code of Conduct as specified in Schedule II of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992	Rs. 5,00,000/-
6	In the matter of inspection of SMC Global Securities Limited	October 29, 2024	SEBI Master Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023	Rs. 3,00,000/-

32. Further, in the present matter, based on findings as above, it is established that the Noticee did not comply with the requirements of NSE circular dated April 20, 2006, NSE circular dated February 13, 2013 and Stock Brokers Regulations. Noticee was under a statutory obligation to abide by the provisions of said NSE circulars and Stock Brokers Regulations, which it failed to comply. The said violations by the Noticee attract monetary penalty. Therefore, I feel it appropriate to levy a penalty which is commensurate with the nature of violation.

ORDER

33. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary penalty of ₹ 2, 00,000/- (Rupees Two Lakh only), under section 15HB of the SEBI Act, on the Noticee. In my view, the said penalty is commensurate with the violations committed by the Noticee in this case.
34. 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

35. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated 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.
36. In terms of rule 6 of the Rules, copy of this order is sent to the Noticee and also to SEBI.

Place: Mumbai

Date: August 21, 2025

JAI SEBASTIAN

ADJUDICATING OFFICER