

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
(Application No. 6939/2022)**

**On the application submitted by
Kantilal Chhaganlal Securities Private Limited
Settlement Order No.: SO/SM/YK/2022-23/6939**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) initiated adjudication proceedings under section 15HB of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and Section 23C of Securities Contract (Regulation) Act, 1956 (hereinafter referred to as “**SCRA**”) against Kantilal Chhaganlal Securities Private Limited (hereinafter referred to as “**Noticee/ applicant/by name**”) for alleged violation of Clause A(2) and A(5) of Schedule II read with Regulation 9(f) of SEBI (Stock Broker and Sub-Brokers) Regulations, 1992 (hereinafter referred to as “**SBSB Regulations**”), read with SEBI Circulars CIR/MIRSD/16/2011 dated August 22, 2011, CIR/ISD/AML/3/2011 dated 31.12.2010, MIRSD/SE/Cir-19/2009 dated 03.12.2009, MIRSD/SE/Cir-5/2010 dated 31.03.2010, CIR/MIRSD/15/2010 dated August 02, 2011 and Clause A(2) and A(5) of Schedule II read with Regulation 9(f) & 9(e) of SBSB Regulations read with NSE circular vide ref no. NSE/MEM/275 dated 12.06.1997 and Regulation 26(iv), 26(xvi) and 26(xx) of SBSB Regulations.
2. Ms. Geetha G was appointed as the Adjudicating Officer (hereinafter referred to as ‘**AO**’) vide communique dated May 04, 2022 under section 15-I of SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to inquire into and adjudge under section 15HB of SEBI Act and section 23C of SCRA, the aforementioned alleged violation of the provisions of law by the Noticee. Thereafter, Shri Amit Kapoor was

appointed as the AO vide communique dated September 19, 2022. Subsequently, the undersigned has been appointed as the AO vide communique dated October 06, 2022.

3. A Show Cause Notice Ref. No. EAD-6/GG/VP/22090/1/2022 dated May 25, 2022 (hereafter referred to as “**SCN**”) was issued to Noticee in terms of the provisions of Rule 4 of the Adjudication Rules, 1995 calling upon the Noticee to show cause why an inquiry should not be held and penalty not be imposed, under section 15HB of SEBI Act and section 23C of SCRA for the following complaints received against the Noticee:
 - 3.1. Unauthorised Trading
 - 3.2. Noticee had not carried out inspection of Sub-Broker as mandated by Stock Exchanges
4. Pending Adjudication Proceedings, the Noticee proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of facts and conclusions of law, through a settlement order and filed a settlement application with SEBI bearing Settlement Application No. 6939/2022 dated July 20, 2022 in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).
5. After attending meeting with the Internal Committee of SEBI on November 29, 2022 in terms of the Settlement Regulations, Noticee vide letter dated December 13, 2022, proposed revised settlement terms. The High Powered Advisory Committee (hereinafter referred to as '**HPAC**') in its meeting held on December 27, 2022, considered the settlement terms proposed and recommended that the case may be settled upon payment of ₹ 31,20,000/- (Rupees Thirty One Lakh and Twenty Thousand Only) by the Noticee as settlement amount towards the settlement terms.
6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on January 20, 2023 and the same was communicated by SEBI to applicant on January 30, 2023. Subsequently, the

applicant vide email dated February 24, 2023 informed about the remittance of the settlement amount, the receipt of which is confirmed.

7. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against Noticee vide SCN dated May 25, 2022 is disposed of in terms of section 15JB of the SEBI Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if:
 - i. it comes to the notice of the Board that the applicant has not made full and true disclosure;
 - ii. applicant has violated the undertakings or waivers:
9. This settlement order is passed on this day of **February 27, 2023** and shall come into force with immediate effect.
10. In terms of regulation 25 of the Settlement Regulations, copies of this order are being sent to the applicant viz. Kantilal Chhaganlal Securities Pvt. Ltd. and also to SEBI.

Date: February 27, 2023

Place: Mumbai

SAHIL MALIK

ADJUDICATING OFFICER