

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

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**[SETTLEMENT ORDER Ref No.: EAD-2/SS/VS/2019-20/3690]**

In respect of Application No. 3914 of 2019 submitted by

**Angel Broking Private Limited**

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1. Securities and Exchange Board of India ('SEBI') conducted inspection of the books of accounts and other records of Angel Broking Private Limited (hereinafter referred to as 'the applicant') during September 19-23, 2016 and October 19-21, 2016. The period covered under inspection was from April 01, 2013 to March 31, 2016. During inspection, following were observed :
  - a. Clients having negative ledger balance/zero balance were allowed to trade and were having pay- in obligation on the date of settlement. The applicant met the pay -in obligation of clients having debit balance from the funds of clients having credit balance ; and
  - b. The applicant was not settling running accounts of the inactive clients periodically.
2. As per provisions of para 1(D)(i) of the SEBI Circular No. SMD/SED/CIR/93/23321 dated November 18, 1993, the funds of credit balance clients cannot be used for purpose of other clients and also as per provisions of para 18 of Annexure of the SEBI Circular No. MIRSD/SE/Cir-19/2009 dated December 03, 2009 the stock broker had to frame the policy and settle the inactive accounts (quarter-wise in the instant matter).
3. Pursuant to above, the competent authority in SEBI was satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violation of provisions of code conduct specified in Clause A (2) and A (5) of the Code of conduct for Stock-Brokers as stipulated in Schedule II read with Regulation 9(f) of the SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992 (hereinafter referred to as 'the SBSB Regulations').
4. Vide a *communication-order* dated February 12, 2019, it has been informed that the competent authority has appointed the undersigned as Adjudicating Officer under section 15-I of Securities and Exchange Board of India Act, 1992 ('SEBI Act') and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred

to as 'SEBI Adjudication Rules') and under section 23-I of Securities Contracts (Regulation) Act, 1956 ('SCRA Act') and rule 3 of Securities Contracts (Regulation) Act (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as 'SCRA Adjudication Rules') to inquire into and adjudge the aforesaid alleged violations and charges.

5. Accordingly, in terms of rule 4(1) SEBI Adjudication Rules read with section 15I of SEBI Act and rule 4(1) of the SCRA Adjudication Rules read with section 23I of the SCRA, the notice to show cause no. EAD-2/SS/VS/7379/2019 dated March 20, 2019 (hereinafter referred to as 'the SCN') was issued to the applicant, calling upon it to show cause as to why an inquiry should not be held against it in terms of rule 4 of the SEBI Adjudication Rules and penalty be not imposed under Section 15HB of the SEBI Act and rule 4 of the SCRA Adjudication Rules and penalty be not imposed under section 23D of the SCRA as charged in this case. The SCN was duly served upon the applicant.
6. Thereafter, the applicant proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement application bearing reference no. 3914/2019 dated April 25, 2019 with SEBI in terms of Regulations 3(1) and 3(2) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 (hereinafter referred to as 'Settlement Regulations').
7. After attending meeting with the Internal Committee of SEBI in terms of the Settlement Regulations, the applicant vide letter dated June 17, 2019, proposed the settlement terms. The High Powered Advisory Committee ('HPAC') in its meeting held on June 27, 2019, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹31,87,500/- (Rupees Thirty One Lakh Eighty Seven Thousand and Five Hundred Only) towards settlement charges.
8. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on July 03, 2019 and the same was communicated by SEBI to the applicant on July 05, 2019. Accordingly, the applicant, vide its letter dated July 12, 2019, remitted a sum of ₹31,87,500/- (Rupees Thirty One Lakh Eighty Seven Thousand and Five Hundred Only)

by way of a Demand Draft No.798296 dated July 11, 2019 drawn on HDFC Bank towards the settlement charges.

9. Now therefore, in view of the acceptance of the settlement terms and receipt of Demand Draft as above by SEBI, the instant adjudication proceedings initiated against the applicant vide SCN dated March 20, 2019 are disposed of in terms of Regulation 23(1) read with regulation 28 of the Settlement Regulations on the basis of the settlement terms.
10. This order shall come into force with immediate effect. Further, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:
  - a. any representations made by the applicant in the settlement proceedings are subsequently found to be untrue; or
  - b. the applicant breaches any of the clauses /conditions of undertakings/ waivers filed during the settlement proceedings.
11. In terms of regulation 25 of the Settlement Regulations, a copy of this order is sent for service to the applicant and the order is also published on the website of SEBI.

**Date: July 22, 2019**  
**Place: Mumbai**

**Santosh Shukla**  
**Adjudicating Officer**