

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

Under Section 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and Regulation 28 of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013.

## IN RESPECT OF:

NOTICEE	SEBI Registration No.	PAN
Paisabazaar Marketing & Consulting Private Limited	INA100003949	AACCE9326L

**Background:**

1. Paisabazaar Marketing & Consulting Private Limited (hereinafter referred to as the '**Noticee**') is registered as an Investment Adviser ("**IA**") under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the "**IA Regulations**") with effect from December 17, 2015. As per the records, its registered office is at Ground Floor, Plot No.129, Sector 44, Gurgaon, Haryana –122001 and website address is <https://www.paisabazaar.com>.
2. BSE Administration and Supervision Ltd ("**BASL**"), pursuant to receipt of reference from Securities and Exchange Board of India ("**SEBI**"), conducted an inspection of Noticee on November 23, 2022 for the inspection period from April 21, 2021 to August 31, 2022 (hereinafter referred to as the '**Inspection period/IP**') to look into the compliance of regulatory requirements stipulated under SEBI Act, 1992, IA Regulations, and other circulars and guidelines framed thereunder.
3. On the basis of the finding of the inspection report, it was observed that Mr. Naveen Kukreja, who was appointed as Principal Officer of Noticee, had not obtained the National Institute of Securities Markets ("**NISM**") level 2 series XB certification as

on 30/6/2023 and therefore he did not had the requisite certification requirement as specified in Regulation 7(2) of IA regulations.

4. Thereafter, based on the finding of the inspection, enquiry proceedings were initiated against the Noticee in terms of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) and a Designated Authority (hereinafter referred to as “**DA**”) was appointed under Regulation 24 of the Intermediaries Regulations to enquire into the alleged violation of Regulation 7(2) of IA Regulations by the Noticee.

#### **Enquiry by the Designated Authority:**

5. The DA issued a Show Cause Notice dated August 28, 2023 (hereinafter referred to as “**SCN**”) under Regulation 25 of the Intermediaries Regulations, calling upon the Noticee to show cause as to why appropriate recommendations for the alleged violations should not be made against it. The delivery of the SCN to the Noticee was attempted on the addresses available on record. The said SCN was served vide SPAD/e-mail and was duly delivered. The Noticee, vide email dated September 18, 2023, submitted its reply to the SCN. Thereafter, an opportunity of a personal hearing was granted to the Noticee and the same was concluded on September 26, 2023.
6. Accordingly, the DA proceeded on the basis of material available on record and the reply submitted by the Noticee and submitted an Enquiry Report dated October 31, 2023 (hereinafter referred to as “**Enquiry Report**”) recommending regulatory censure to be issued to the Noticee as an IA.

#### **Post Enquiry Proceedings:**

7. A post-enquiry Show Cause Notice dated November 7, 2023 (hereinafter referred to as “**Post Enquiry SCN**”) was issued to the Noticee enclosing a copy of the Enquiry Report dated October 31, 2023, submitted by the DA and calling upon him to show cause in terms of Regulation 27 of the Intermediaries

Regulations as to why actions as recommended by the DA should not be taken against the Noticee in terms of the said Regulations.

8. I note that the Post Enquiry SCN was issued to the Noticee through SPAD and e-mail dated November 8, 2023 and was duly delivered. The Noticee submitted its reply vide letter dated November 23, 2023. Thereafter, in terms of Regulation 27(4) of the Intermediaries Regulations, an opportunity of personal hearing to the Noticee was granted on December 18, 2023, vide e-mail dated November 29, 2023. Thereafter, the ARs of the Noticee appeared on behalf of the Noticee on the said date and reiterated the submissions made vide the reply dated November 23, 2023. The summary of the reply dated November 23, 2023 are as under;

*8.1. Noticee has submitted that Principal officer has now successfully obtained XB certification as on 13.09.2023 and therefore, is now full compliance with requirements under Regulation 7(2) of IA regulations. Further, Principal Officer has cleared the mandated qualification and certification by 13.09.2023 and therefore there is no continuing violation of extant regulation.*

*8.2. Noticee submitted that COVID 19 restriction made it difficult for him to ensure the compliance as mandated by IA regulations.*

*8.3. Noticee is in full compliance with IA regulations and even in past has not willfully acted in violation of any provision of IA regulations.*

*8.4. With respect to the observation regarding Ms Asmita Khurana, Noticee submitted that pursuant to the proviso of Regulation 7(1)(c)(ii) of IA regulations, any individual investment advisor has been allowed time till 3 years to comply with obligation thereunder.*

### **Consideration of Issues and Findings:**

9. I have carefully examined the allegation against the Noticee, reply of the Noticee regarding the post enquiry SCN and the documents / material available on record. After considering the allegation levelled against the Noticee in the instant matter, the following issue arise for consideration;

**Issue No. I: Whether the Noticee has violated Regulation 7(2) of IA Regulations?**

10. Before I proceed further with the matter, it is pertinent to mention the relevant provision of the IA Regulations alleged to have been violated by the Noticee. The same are reproduced herein below:

***Regulation 7(2) of IA Regulations***

*An individual investment adviser or principal officer of a non-individual investment adviser, registered under these regulations and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services-*

*(a) from NISM; or*

*(b) from any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM*

*Provided that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements:*

*Provided further that fresh certification before expiry of the validity of the existing certification shall not be obtained through a CPE program.*

11. It is noted from the DA report that allegation has been made against the Noticee with respect to violation of Regulation 7(2) of IA Regulations wherein it is alleged that Noticee, being a registered investment advisor has employed Principal Officer (Mr. Naveen Kukreja) who was not having NISM level 2 series XB certification as on June 30/06/2023 as mandated under Regulation 7(2) of IA Regulations.
12. It is also noted from the reply of the Noticee that Noticee has admitted that its Principal Officer, Mr. Kukreja had only obtained the NISM level 2 series XB certification on September 13, 2023 (after the date of the SCN by DA).

13. In view of the reply of the Noticee, it is clear that Noticee employed a Principal officer in contravention of Regulation 7(2) which states that principal officer of a non-individual investment adviser must have at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services-(a) from NISM; or (b) from any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
14. In view of above, I find that the allegation that Noticee has violated regulation 7(2) of IA Regulations stands established.
15. Further, I note that DA has recommended Regulatory Censure against Noticee as specified under Regulation 26(1)(vii) of the Intermediaries Regulations read with Regulation 28 of IA Regulations and Section 12(3) of SEBI Act. I further note that DA has taken into consideration various mitigating factors suited to the circumstances of the case.
16. Therefore, I agree with the recommendations given by DA vide report dated October 31, 2023 that Regulatory Censure may be issued to the Noticee (having SEBI registration number – INA100003949).

**Directions:**

17. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 12(3) of SEBI Act, 1992 and Section 19 of SEBI Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of SEBI (Intermediaries) Regulations, 2008 and Regulation 28 of SEBI (Investment Advisers) Regulations, 2013, hereby censure **Paisabazaar Marketing & Consulting Private Limited** having SEBI registration number – INA100003949 and warn the Noticee to be careful and diligent in the conduct of all its business, including that of having required certifications at all times.

18. This order comes into force with immediate effect.

19. A copy of this order shall be forwarded to the Noticee.

**DATE: JANUARY 31, 2024**  
**PLACE: MUMBAI**

**G. RAMAR**  
**CHIEF GENERAL MANAGER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**