

QJA/AA/WRO/WRO/29963/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

Under Regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

In respect of

Name of Noticee	PAN
MEHUL PRAVINBHAI JIYANI (Proprietor - Rocket Tips) Registration Number: INH000008428	AGPPJ1611H

In the matter of Mehul Pravinbhai Jiyani (Proprietor – Rocket Tips)

BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter, referred to as SEBI) initiated Enquiry proceedings under Regulation 24 of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as the Intermediaries Regulations) read with Regulation 32 of the SEBI (Research Analyst) Regulations, 2014 (hereinafter referred to as the RA Regulations) in the matter of unregistered investment advisory activities by Mr. Mehul Pravinbhai Jiyani, proprietor Rocket Tips (hereinafter referred to as the Noticee).
2. In this regard, the Designated Authority (hereinafter referred to as DA) was appointed in exercise of powers under Regulation 24(2) of the Intermediaries Regulations vide Order dated February 01, 2023, to enquire and submit a report giving recommendation in respect of the Noticee, under Regulation 25 and 26 of the Intermediaries Regulations.

3. The DA, after conducting the enquiry, as specified under regulation 25 (pertaining to holding of enquiry) of the Intermediaries Regulations, submitted the Enquiry Report dated June 06, 2023 (hereinafter referred to as the Report). In the said Report, the observations made during the examination by DA are as follows:
 - 3.1. That the Noticee was carrying on unregistered investment advisory activities was established in the SEBI order dated December 30, 2022, which was upheld by Hon'ble SAT in its order dated March 28, 2023.
 - 3.2. The Noticee submitted an application dated February 10, 2021 to the SEBI– Western Regional Office (WRO) for obtaining the registration certificate as Research Analyst (RA) and had obtained the registration for RA on May 25, 2021. Before May 25, 2021, Noticee was neither registered as an Investment Advisor (IA) nor registered as an RA.
 - 3.3. Noticee concealed the information that an examination by SEBI-Southern Regional Office (SRO) was in process/pending while making application for registration as an RA to SEBI-Western Regional Office (WRO). Further, the Noticee submitted a signed declaration in his application, in which he stated that *“I (Mehul Pravin Bhai Jiyani – AGPPJ1611H) do hereby declare that I have never applied to SEBI for any intermediary registration before; I am not associated with any SEBI registered intermediary; and that I have never been involved in share market as advisor/research analyst.”*
 - 3.4. Sufficient directions have already been passed against the Noticee by SEBI under the provisions of SEBI Act by order dated December 30, 2022, for carrying on unregistered Investment Advisory services. However, recommendation is warranted for violation of the provisions of regulation 13(ii) of the RA Regulations and Point 6 of Form A of First Schedule of the RA Regulations.
4. Accordingly, the DA has recommended that a regulatory censure may be issued to Mr. Mehul Pravinbhai Jiyani (Proprietor: Rocket Tips), having certificate of registration bearing Registration No.: INH000008428. The relevant excerpt of the Report is produced hereunder:

“In view of the facts of the case, in terms of Regulation 26(1) (vii) of the Intermediaries Regulations, I recommend that regulatory censure may be issued to Mr. Mehul Pravinbhai Jiyani (Proprietor: Rocket Tips), having certificate of registration bearing Registration No: INH000008428.”

SHOW CAUSE NOTICE, REPLY AND HEARING

5. Pursuant to submission of the Report, a Post Enquiry Show Cause Notice dated June 14, 2023 (hereinafter referred to as the SCN) enclosing a copy of the Report was issued to the Noticee through Speed Post Acknowledgement Due (SPAD). The Noticee was directed to show cause as to why the action as recommended by the DA or any other action in terms of the Intermediaries Regulations should not be taken/issued against the Noticee. The SCN was delivered to the Noticee's address on June 19, 2023 but no reply was received from the Noticee.
6. Subsequently, a Hearing Notice dated July 19, 2023 was issued to the Noticee through SPAD providing an opportunity of personal hearing in the matter to the Noticee and directing the Noticee to submit his reply to the aforesaid SCN dated June 14, 2023. The Hearing Notice was delivered to the Noticee on July 24, 2023 but no reply was received from the Noticee. Subsequently, an opportunity of personal hearing in the matter was provided to the Noticee with hearing scheduled on August 09, 2023 and August 22, 2023. A reply to the SCN was received from the Noticee on August 18, 2023 and the hearing was granted on September 05, 2023 through video conferencing.
7. On the scheduled date of hearing, Mr. Abhishek Mishra, Authorized Representative of the Noticee appeared and made oral submissions in the matter. During the hearing, the Authorized Representative reiterated the submissions made in the reply to SCN. Further, the Authorized Representative was advised to file additional submission, if any, by September 07, 2023 and to provide details of steps taken to comply with SEBI order dated December 30, 2022 in the matter.

8. The submissions made by the Noticee in his reply dated April 24, 2023 (reply to SCN issued during Enquiry) and August 18, 2023 are summarized hereunder:
- 8.1. The Noticee completed his Master's in Business Administration in Finance in 2010 and since then had been working in the stock market.
 - 8.2. The firm M/s Rocket Tips was incorporated in 2010 and had been offering services relating to stock market data and research on listed companies.
 - 8.3. The Noticee was not involved in any unregistered investment advisory services but he was engaged in providing stock alerts, price alerts and market data on subscription basis in equity and commodity market.
 - 8.4. The Noticee's scope of work is in no manner related to investment advisory services. Hence, the allegation imposed upon the Noticee by SEBI is completely baseless.
 - 8.5. The Noticee was engaged in consultancy services in equity and commodity market and was not engaged in any kind of advisory activity.
 - 8.6. The price alert/stock alerts and the market data shared by the Noticee with clients were standardised and were not customised based on the client's investment needs/objective/criteria.
 - 8.7. The Noticee's opinion on the possible price behaviour of particular scrips or contracts published on the website and available to all subscribers to the website cannot be construed as constituting investment advice.
 - 8.8. The data made available by the Noticee on his website was publicly available and could be verified independently; his opinion regarding the movement of prices of securities including scrips and futures and options contracts were based on his analysis and understanding and not made in a careless or reckless manner. Furthermore, the Noticee had no reason to believe that the data or opinions provided by him through his website were false or misleading. SEBI had not brought on record any information or shown that the Noticee concealed or omitted material facts or risks or that the Noticee provided services to clients without taking reasonable care to ensure the suitability thereof.
 - 8.9. The Investment Adviser is required to assess the risk capacity of a client and ensure suitability of the product/services offered but the same was not

applicable on the Noticee as he was just providing uniform price/stock alerts to all the clients.

- 8.10. The Noticee's opinion on possible price behaviour of particular index/script cannot be construed as an investment advice.
- 8.11. Neither Investment Advisers Regulations nor RA Regulations require any person who is just involved in providing alerts and market data in equity and commodity market to get registered with SEBI.
- 8.12. The Frequently Asked Questions (FAQs) issued by SEBI with regard to the RA Regulations exempt technical analyses relating to the demand and supply for a particular sector or index from the purview of the RA Regulations.
- 8.13. The prices on the website of the Noticee were for subscription and not for availing any investment advice.
- 8.14. Nowhere in the portions of the web pages quoted by SEBI, the word 'investment advisory' is mentioned. The Noticee only provided information regarding equity shares, futures and options traded on stock exchanges and commodities or commodity contracts traded on commodity exchanges on a subscription bases to traders (and not investors). Traders do not require investment advice, rather, they only need information regarding securities; at worst, the Noticee may have provided his opinion regarding the said securities. The aforesaid does not constitute "investment advice" as defined in regulation 2(1)(l) of the Securities and Exchange Board of India (Investment Advisors) Regulations, 2013.
- 8.15. With respect to the words "90-95% accuracy" related to investment advice offered by the Noticee, a plain reading of the contents of the website extracted by SEBI show that the same related to accuracy of the information provided to traders. Therefore, the allegation that the said one phrase in the website consisting of several pages amounted to fraud or mis-selling and violated provisions of the SEBI Regulations is false, erroneous, baseless and unsustainable.
- 8.16. When the Noticee received the letter from SEBI with regard to enquiring about the business, the Noticee applied to SEBI for the registration in February 2021 to ensure that no non-compliance/conflicts arise.

- 8.17. The allegation made by SEBI that the Noticee didn't respond to SEBI's letter is not true as based on that letter only the Noticee had filed his application form for the registration to SEBI, which was properly scrutinized and approved by SEBI and the Noticee obtained registration from SEBI in the month of May 2021.
- 8.18. SEBI didn't raise any objection or sought any clarification with respect to Noticee's alleged unregistered investment advisory activity after he applied for registration to SEBI.
- 8.19. Noticee has not indulged in any wrongful activity or else SEBI would not have provided registration to the Noticee.
- 8.20. The declaration filed by the Noticee at the time of registration is factually correct as the Noticee had not acted as an Investment Adviser or an RA in the past.
- 8.21. Only after obtaining the registration from SEBI, the Noticee started the practice in the capacity of RA.
- 8.22. The Noticee correctly believed that the services offered by him did not constitute investment advisory services and therefore, correctly declared in his application for registration as RA that he had not been involved in the share market as advisor/RA.
- 8.23. Prior to obtaining registration from SEBI, the Noticee's scope of work was restricted to providing comments on general trends in the securities market, discussions on the broad-based indices, technical analyses relating to the demand and supply in a sector or index and he was not involved in providing investment advice or advice on portfolio or doing financial planning.
- 8.24. The Noticee was merely offering standardised subscription-based services and was not engaged in providing any investor specific services based on the investor's investment objective or financial status, etc.
- 8.25. The Noticee had never represented to any of the client that he was involved in providing any investment advice or financial planning.
- 8.26. The Noticee had just provided his clients the market alerts in the share market by charging certain amount of fee from them, for which they had duly agreed. None of the clients were forced in any manner nor was any undue influence or any coercion exercised for taking services from the Noticee.

- 8.27. Mere receipt of credits in the Noticee's bank account cannot be the basis to allege that the Noticee was providing investment advisory or other services that required registration with SEBI. Out of the clients from whom subscriptions were received, only 1 person made a vague and baseless complaint against the Noticee.
- 8.28. The allegation imposed by SEBI is just based on few narrations of the bank statements which is unsustainable. The Noticee has not done any non-compliance and hence no recommendation may be made against the Noticee in terms of regulation 26 of the Intermediaries Regulations.
- 8.29. The Noticee has already been penalized with a hefty amount of Rs. 10 lakh and has also been directed to refund the entire amount of Rs. 2,49,05,389.55 vide SEBI Order dated December 30, 2022. Hence, no other direction may be imposed on him.
- 8.30. The Noticee denies that he had submitted false declaration that the Noticee had never in the past acted as investment adviser or an RA to SEBI at the time of registration. The Noticee, only after obtaining the registration from SEBI, had started the practice in the capacity of RA. The Noticee believed that the services offered by him did not constitute investment advisory services and therefore, correctly declared in his application for registration as RA that he had not been involved in the share market as advisor/RA.
- 8.31. The second allegation is regarding concealment of information regarding an ongoing examination of activities of the Noticee by SEBI-SRO from SEBI-WRO (where the application for registration as a RA was made) that may have had a bearing on the final decision with respect to grant of registration to the Noticee. While granting registration, SEBI had never enquired about any notice and Noticee had applied to SEBI for the registration as a corrective measure and to ensure that no non-compliance/conflicts arise. The Noticee had no intention of concealing any information from SEBI and if it were the case then the Noticee would not have applied to SEBI for grant of certificate of registration. Hence, the alleged violation of regulation 13(ii) of the RA Regulations may be removed.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully examined all the information available on record, viz., the Enquiry Report, the SCN, written and oral submissions put forth by the Noticee/his Authorized Representative during the course of personal hearing. The issues framed by the DA are two-fold:

9.1. The first is whether the Noticee carried out activities in the nature of investment advisory services without registration.

9.2. The second is whether the Noticee submitted false information and concealed material information from SEBI when he made application for registration as an RA.

10. The fact that the Noticee was carrying out activities in the nature of unregistered investment advisory services has already been established vide SEBI order dated December 30, 2022, which, inter alia, observed as follows:

“31. In view of above, I am convinced and would like to conclude that the activities of the Noticee (Prop. Rocket Tips), show that it was acting as an investment adviser. Also, neither the Noticee nor its firm viz. Rocket Tips were registered with SEBI in the capacity of Investment Advisor during the period under examination. Hence, I find that these activities were being carried out by the Noticee without obtaining the necessary certificate of registration as an investment adviser and therefore, the Noticee has violated the provisions of Section 12(1) of the SEBI Act read with Regulation 3 of the IA Regulations.”

11. I note that the above order was later upheld by Hon'ble SAT vide its order dated March 28, 2023 wherein Hon'ble SAT has, inter alia, noted as follows:

“In this regard we have perused the impugned order and we find that the WTM had dwelt in length in coming to a conclusion that appellant was carrying on business which was in the nature of investment advisory services. The WTM found that the website of the appellant clearly indicated that he was projecting stock tips under various categories and that were offering prospective investors, various subscription packages upon charging different amount for different services. The WTM further found that the appellant was also offering

guaranteed returns which amounted to offering assured returns. The WTM accordingly came to a conclusion that the appellant was offering tips relating to shares, bullion, futures and options and such tips / recommendations were in the nature of investment advisory services and was not in the nature of research analysis. Nothing has been pointed out by the appellant nor has any evidence been brought on record to show that appellant was only offering services relating to stock market data and was not carrying out investment advisory services. In view of the aforesaid, we do not find any error in the impugned order and is dismissed with no order as to costs.”

12. Further, I note that the review application filed by the Noticee to Hon'ble SAT Order dated March 28, 2023 was dismissed by Hon'ble SAT vide order dated June 09, 2023.

13. With respect to the second allegation of concealment of material information and submission of false declaration, from the Report, it is seen that the DA has noted that SEBI-SRO, had sought information and documents from Noticee for examination with regard to a complaint received by it against the Noticee. However, Noticee had not informed SEBI-WRO about the information and documents sought from Noticee for examination by SEBI-SRO, while making his application and had concealed the fact that an examination by SEBI-SRO was in process/ pending. Further, the DA has noted that the Noticee submitted a signed declaration in his application, in which he stated that *“I (Mehul Pravin Bhai Jiyani – AGPPJ1611H) do hereby declare that I have never applied to SEBI for any intermediary registration before; I am not associated with any SEBI registered intermediary; and that I have never been involved in share market as advisor/research analyst.”* Hence, it is seen from the Report that with respect to the second allegation regarding submission of false information and concealment of material information, the issues under consideration are as follows:

13.1. Whether the Noticee was required to inform SEBI-WRO regarding an examination by SEBI-SRO into its activities while making application for registration as an RA.

13.2. Whether the Noticee made a false declaration in his application by declaring that *“I (Mehul Pravin Bhai Jiyani – AGPPJ1611H) do hereby declare that I*

have never applied to SEBI for any intermediary registration before; I am not associated with any SEBI registered intermediary; and that I have never been involved in share market as advisor/research analyst.”

13.3. Whether the acts mentioned at para 13.1 and 13.2 above constitute a violation of the provisions of Regulation 13(ii) of the RA Regulations and Point 6 of Form A of First Schedule of RA Regulations as alleged in the SCN. If yes, then what directions may be passed against the Noticee for such violation.

14. Before dealing with the issues at hand, I deem it apposite to refer to the relevant provisions of law alleged to have been violated in the matter, extracts whereof are reproduced below:

“RA Regulations

Point 6 of Form A of First Schedule

Application for grant of certificate of registration

DECLARATION STATEMENT

(to be given along with the application for grant of certificate of registration as RA)

I/We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.

AND I/ we further agree that, I/we shall notify the Securities and Exchange Board of India immediately any change in the information provided in the application.

I/ We further agree that I/ we shall comply with, and be bound by the Securities and Exchange Board of India Act, 1992, and the Securities and Exchange Board of India (Research Analysts) Regulations, 2014, guidelines/instructions as may be issued by the Securities and Exchange Board of India from time to time.

I/ We further agree that as a condition of registration, I/ we shall abide by such operational instructions/directives as may be issued by the Securities and Exchange Board of India from time to time.

Regulation 13 - Conditions of certificate

The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:

(ii) the research analyst shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;”

15. From the Report, it is seen that the Noticee submitted an application dated February 10, 2021 to the SEBI–WRO for obtaining the registration certificate as an RA and had obtained the registration for RA on May 25, 2021. Before May 25, 2021, Noticee was neither registered as an Investment Advisor (IA) nor registered as an RA. In this regard, the Noticee has contended that he was under the belief that the services offered by him did not constitute investment advisory services and therefore, declared in his application for registration as RA that he had not been involved in the share market as advisor/RA. In this respect, I note that the Noticee has submitted that the firm M/s Rocket Tips was incorporated in 2010 and has been offering services relating to stock market data and research on listed companies. It has been established, vide SEBI order dated December 30, 2022, that the activities were in the nature of investment advisory services. Additionally, it is relevant to mention that when the Noticee made an application for registration as an RA, he had not provided information with respect to ongoing examination of its activities by SEBI. That this was material information is also established from the fact that the Noticee has himself stated in his reply to the SCN as follows – *“When the Noticee received the letter from the SEBI with regard to enquiring about the business, then the Noticee to ensure that no non-compliance/conflicts arise, the Noticee applied to SEBI for registration in February 2021”*. Accordingly, the declaration by the Noticee along with the application for registration as an RA that *“I/We hereby agree and declare that the information supplied in the application, including the attachments sheets, is complete and true”* was false as the information provided with the application was not complete. Hence, I agree with the finding of the DA that the Noticee has not fulfilled the requirement under Point 6 of the Form A of First Schedule of the RA Regulations which says that an applicant applying for RA registration should declare that the information supplied in the application is complete and true. Further, even after registration was granted to him, the Noticee did not inform SEBI regarding this material information with

respect to examination of its activities as required under regulation 13(ii) of the RA Regulations. Therefore, I concur with the DA that the Noticee has violated regulation 13(ii) of the RA Regulations.

16. Further, the Noticee has contended that while granting registration, SEBI had never enquired about any notice and Noticee had applied to SEBI for the registration as a corrective measure and to ensure that no non-compliance/conflicts arise. In this regard, I note that the declaration required from an RA applicant stating that the information submitted by it is “*complete*” under Point 6 of the Form A of First Schedule of the RA Regulations requires an applicant to submit all information considered relevant to the nature of services to be rendered by the applicant. No authority/statutory body can be expected to seek information with respect to any specific notice issued by it or any other authority/statutory body when granting registration/license. Accordingly, the onus of providing relevant and complete information is cast on the applicant so that the decision to grant or not grant registration to an applicant is a well-informed one. Thus, I agree with the DA’s finding that the Noticee should have informed SEBI regarding the ongoing examination of its activities along with its application for registration as an RA irrespective of whether SEBI enquired about the said notice or not. Hence, non-disclosure of such notice by Noticee amounts to concealment of material information and is in violation of Point 6 of the Form A of First Schedule of the RA Regulations.

17. Having held that the Noticee ought to have informed SEBI regarding the ongoing examination by SEBI-SRO while seeking registration and should not have given false declaration in the present matter, the DA has held that sufficient directions have already been passed against the Noticee by SEBI under the provisions of SEBI Act vide order dated December 30, 2022. SEBI, vide order dated December 30, 2022, has established that the Noticee provided unregistered investment advisory services and has, inter alia, directed the Noticee to refund the amount collected as consideration in respect of unregistered investment advisory services within three months and to file a report with respect to the refund within 15 days after completion of three months from the date of order. Further, the Noticee was

debarred from accessing the securities market for 1 year with effect from December 30, 2022 or till the date of filing of report, whichever is later. Additionally, a penalty of Rupees Six lakh (and not Rupees Ten lakh as stated by the Noticee in his reply) was imposed on the Noticee.

18. Based on these facts and circumstances, the DA has recommended that issuance of regulatory censure to the Noticee would be reasonable for the violations stated in preceding paragraphs.

ORDER

19. Therefore, in exercise of the powers conferred upon me under Section 19 of the SEBI Act, 1992 read with Regulation 27(5) of the Intermediaries Regulations, I, hereby warn the Noticee (Registration Number: INH000008428) to be careful and diligent in the conduct of all its business, including that of submission of information to SEBI.

20. The Order shall come into force with immediate effect.

21. A copy of this Order shall be served on the Noticee.

Date: January 09, 2024

Place: Mumbai

Dr. Anitha Anoop
Chief General Manager
Securities and Exchange Board of India