



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(ADJUDICATION ORDER NO: Order/AK/RK/2026-27/32767)**

**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;**

**IIFL Capital Services Limited**

**In the matter of inspection of IIFL Capital Services Limited**

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**BACKGROUND OF THE CASE**

1. Securities and Exchange Board of India (“**SEBI**”) carried out an inspection of the books of accounts, records and other documents of IIFL Capital Services Limited (hereinafter referred to as “**Noticee**”), having **PAN: AAACI7397D** and registered with SEBI as a Stock Broker in Debt Segment since May 17, 2000, bearing Registration No. INZ000164132 and operating as an Online Bond Platform Provider (**OBPP**) from July 26, 2024. The inspection was conducted on June 26, June 27 and June 30, 2025 for the period July 26, 2024 to March 31, 2025 (hereinafter referred to as the “**Inspection period/IP**”), to ascertain whether operations of Noticee as OBPP with respect to its dealings in debt securities, were carried out in the manner required by it, in terms of provisions of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as the “**Brokers Regulations**”), SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (hereinafter referred to as the “**NCS Regulations**”) and applicable SEBI Circulars issued thereunder.
2. The findings of the inspection were communicated to the Noticee, vide SEBI letter dated August 18, 2025. Upon examining the reply of Noticee, dated September 15, 2025, December 09, 2025 and December 16, 2025, it was found that Noticee has, *prima facie*, violated certain applicable provisions.

**APPOINTMENT OF ADJUDICATING OFFICER**

3. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violation of provisions of SEBI circular by the Noticee, SEBI appointed



undersigned as the Adjudicating Officer (AO) u/s 19 r/w Section 15-I (1) of the SEBI Act, 1992, (hereinafter referred to as the “**SEBI Act**”) and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “**SEBI Adjudication Rules**”), vide order dated April 13, 2026, to inquire into and adjudge u/s 15HB of SEBI Act, the alleged violation by the Noticee.

#### **SHOW CAUSE NOTICE, REPLY AND HEARING**

4. A Show Cause Notice dated April 29, 2026 (hereinafter referred to as “**SCN**”) was issued to the Noticee in terms of the provisions of Rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of SEBI Act requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed u/s 15HB of SEBI Act upon the Noticee for the alleged violation stated in the SCN. The said SCN was delivered to the Noticee through SPAD and digitally signed email dated April 30, 2026.

5. A brief of alleged violations by the Noticee as per the SCN is given hereunder;

**5.1 Alleged Violation 1: Failure to ensure that all orders placed on its OBPP with respect to listed debt securities, listed municipal debt securities and listed securitized debt instruments were mandatorily routed through the RFQ platform of a recognized Stock Exchange**

5.1.1 In terms of Clause 3.4.1 of Annex-XXI-A of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, all orders for listed debt securities are mandatorily required to be routed through the Request for Quote (RFQ) platform.

5.1.2 During the course of inspection, Noticee submitted details pertaining to the trade transactions for securities that took place on its OBP since date of approval to act as OBP i.e. from inception to March 31, 2025, wherein it was observed that a total of 280 trades, with a value of Rs 9.59 crores were executed by it.

5.1.3 Upon perusal of the details, it was observed that the Noticee had not routed trades for clients through the RFQ platform for listed debt securities but instead the securities were transferred through off market mechanism to its clients. In this regard, Noticee had submitted that the same was due to limitations in the



existing platform and that it was in the process of developing new platform. Further, it was observed that the Regulations and Operational Circular for OBPPs were notified on November 9, 2022, and November 14, 2022, respectively and Noticee obtained its OBPP approval on July 26, 2024, thus, indicating that it was well aware of the RFQ requirements since its inception.

5.1.4 Based on the above, it was alleged that the Noticee has violated Clause 3.4.1 of Annex-XXI-A r/w Clause 5.2.1 of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.

**5.2 Alleged Violation 2: Failure to execute third party agreements in line with SEBI Regulations and circulars pertaining to OBPP**

5.2.1 It was observed that an OBP could either sell the inventory held by itself or offer the inventory of third party seller, and in case an OBP is offering the inventory of a third party seller, it is required to mandatorily enter into an agreement with such third party seller as mentioned in Clause 3.2 of Annex-XXI-A of Chapter XXI SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.

5.2.2 Noticee submitted that on the platform, following vendors were offering securities to its clients:

- a. *Kanjalochara Finserve Private Limited*
- b. *Smest Capital Private Limited*
- c. *Tipsons Financial Services Pvt. Ltd.*
- d. *Tipsons Consultancy Services Private Limited.*
- e. *Phillip Capital (India) Pvt. Ltd.*

5.2.3 During inspection, it was observed that Noticee as on OBPP had not entered into any agreement with the aforementioned vendors, and it was pursuant to the inspection that the Noticee had executed agreements with all the vendors. In this regard, it was observed that the Regulations and Operational Circular for OBPPs were notified on November 9, 2022, and November 14, 2022, respectively, and Noticee had obtained its OBPP approval on July 26, 2024.

5.2.4 Based on the above, it was alleged that the Noticee has violated Clause 3.2 of Annex-XXI-A of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.



6. In response to the SCN, Noticee submitted its reply, vide letter dated May 13, 2026, as under;
- 6.1 *At the outset of our response, we state that the Company has temporarily stopped its Debt offering-to -clients from-June 13, 2025 and is working in process improvement to ensure that the observations pointed out are not aggravated.*
- 6.2 *Further, in respect of non-execution of Agreements with Third Parties Sellers, we submit that as stated in the SCN, agreements has been entered into with all the parties as per the requirement and therefore we are presently complied with the requirement.*
- 6.3 *The first Debt Broker license under OBPP guidelines was issued in early 2023 and we had obtained our registration in July 2024. The inspection period is the initial period 9 months immediately after registration when the segment was new for both industry as well as us and regulatory clarity on the same was still evolving.*
- 6.4 *For trading and operations, we were using a vendor platform that was developed by M/S Golden Pi Technologies Private Limited and our major operations were driven by it. The said platform was a widely used platform and was used by almost all major OBPPs. The findings in the inspections were primarily related to use of platform. Therefore, we have temporarily halted our bond operations and are currently working on new version of the said platform so that the said gaps can be addressed before we resume our operations.*
- 6.5 *During the inspection Period, there were around 3.37 million number of clients, out of which around 450 number of clients in OBPP segments. Our gross revenue(Trade Value) from OBPP segment was Rs.96 million against the total revenue of Rs.25,674 million in FY25. Thus, contribution of OPBB segment in terms of revenue and numbers is miniscule.*
- 6.6 *We refer to and reiterate our reply in point no. 3 and 4 of the inspection report in respect of the findings in the SCN.*
- 6.7 *Regarding non execution of Trades on RFQ Platform of the Exchange, our submission is as follows:*
- a. *As per the SCN, there are 280 total instances and the total traded value involved is 9.59 Crores. In respect of value of trades, we state that the total value is presenting an exaggerated view of the alleged violation.*
- b. *In specific response to non-execution of trades on RFQ platform, we submit that the regulations and our membership both were new. We were from the initial OBPP and the inspection period is 9 month was the period immediately after we received our*



registration. Also as stated, we were highly dependent on Platform developed by M/S Golden Pi Technologies Private Limited for our operations and as per our understanding the trade execution logic followed by the platform would be complaint as the said platform is widely used.

- c. Lastly, we have temporarily halted the business and will resume the operations only once the new version of the platform fully compliant with the regulations be released.
- d. Considering the fact that the violations was not intentional and that the same has been initiated for rectification, we humbly request that a lenient view be taken and the aforesaid we humbly request that no penalty shall be levied.

**6.8 Submission w.r.t violation of non-execution of Agreement with Third Party:**

- a. Firstly, we state that we have entered into agreements with the Third Party Sellers immediately when the concern was raised by the inspection team. The required agreements were not entered into with the Third Party Sellers due to difference in regulatory interpretation and market practice.
- b. For OBPP, our Trading platform was integrated with the platform that was developed by M/S Golden Pi Technologies Private Limited. The said platform was widely used by other OBPPs also. The platform had an agreement with all the OBPP including us. In case of trade execution through RFQ platforms, there is no connection with the Counter-Party as the counter parties are unknown. As per the practice followed by other OBPPs that since Golden PI has agreement with all the sellers, there is no separate requirement to enter into separate agreements directly with the Third Party Sellers.
- c. Considering the fact that the violations was not intentional and that the same has been rectified by executing agreements post inspection, we humbly request that a lenient view be taken and as aforesaid, we humbly request that no penalty shall be levied.

**6.9** It is respectfully submitted that the proceedings initiated vide the present Show Cause Notice are liable to be examined not merely on the existence of the alleged violations, but equally on the touchstone of proportionality, fairness, and reasonableness, which are now firmly embedded in Indian administrative jurisprudence. Thus, inorder to determine the applicability of penalty or action, Principle of Proportionality shall be applied. On the principle of proportionality, we rely upon the following judgements of Hon'ble Supreme Court in the landmark Judgement in the matter of Om Kumar v. Union of India, Hon' ble Supreme Court held that punishment which is disproportionate to the misconduct would



*be arbitrary and violative of Article 14. Thus, the punishment must not be excessive or irrational.*

**6.10 Mitigating Factors:**

- a. The factors like the segment and we were new and considering evolving nature and volume of business, the fact that the alleged violations are rectified and operations in Debt segment is presently discontinued shall be taken into account for consideration.*
- b. Our conduct and the fact that there are no client grievances during the inspection period in relation to functioning of the platform shall be considered.*

7. In the interest of natural justice, an opportunity of personal hearing was granted to the Noticee on May 29, 2026, vide hearing notice dated May 21, 2026. The Noticee was represented by its Authorized Representative (AR) on May 29, 2026, wherein AR reiterated the submissions made by the Noticee, vide its reply dated May 13, 2026 and made further submissions in the matter, vide email dated June 03, 2026, which was relied upon by them during the course of hearing, and the same is part of its submissions mentioned above.

**CONSIDERATION OF ISSUES AND FINDINGS**

8. I have taken into consideration the submissions of the Noticee, facts, and material available on record. The issues that arise for consideration in the present case are;  
**ISSUE No. I:** Whether the Noticee has violated applicable provisions, as alleged in the SCN?

**ISSUE No. II:** Do the violations, if any, attract monetary penalty u/s 15HB of SEBI Act?

**ISSUE No. III:** If so, what should be the monetary penalty taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?

9. Before moving forward, it is pertinent to look at relevant provisions, which are alleged to have been violated by the Noticee. The same are reproduced hereunder:

**Relevant provisions of SEBI Circulars**

**SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024**

**Chapter XXI –Registration and regulatory framework for Online Bond Platform Providers (OBPPs)**



***[See Regulation 51A of the SEBI NCS Regulations, 2021]***

*""3.2. Agreement with sellers of products or services or securities as specified in clause 5.2 of this Chapter:*

*Where the entity allows third party sellers of debt securities to use the OBP to sell such securities, the entity shall, before taking up an assignment of offering of such securities on its OBP, enter into an agreement in writing with such sellers that clearly defines the inter-se relationship and sets out their mutual rights, liabilities and obligations relating to such assignments."*

**3.4. Execution of orders:** *The entity shall ensure that:*

**3.4.1.** *All Orders placed on an Online Bond Platform with respect to securities, as specified in clause 5.2.1 of this circular shall be mandatorily routed through the RFQ platform of a recognised Stock Exchange and settled through the respective Clearing Corporation. "*

**5.2.** *An entity acting as an Online Bond Platform Provider, shall offer only the following products or securities or services on its Online Bond Platform:*

**5.2.1.** *Listed debt securities, listed municipal debt securities and listed securitised debt instruments;*

**FINDINGS**

**ISSUE No. I: Whether Noticee has violated applicable provisions, as alleged in SCN?**

**10. Findings with respect to the alleged violations:**

**10.1 Failure to ensure that all orders placed on its OBPP with respect to listed debt securities, listed municipal debt securities and listed securitized debt instruments were mandatorily routed through the RFQ platform of a recognized Stock Exchange**

**10.1.1** With respect to the submission of the Noticee that it was using a platform developed by M/s Golden Pi Technologies Private Limited, and the said platform was widely used by other OBPPs, and its further submission that it has temporarily halted the business and will resume the operations only once the new version of the platform fully compliant with the regulations would be released, and that the violations were not intentional and a lenient view be



taken, I note that in terms of Clause 3.4.1 of Annex-XXI-A of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/ 54 dated May 22, 2024, all orders for listed debt securities are mandatorily required to be routed through the RFQ platform.

10.1.2 The aforesaid provisions thus mandates the execution of trades with respect to listed debt securities, listed municipal debt securities and listed securitized debt instruments, through the RFQ platform of a recognized Stock Exchange. I note that the Noticee had executed 280 trades, valuing Rs 9.59 Crores through off-market mechanism during the IP despite conspicuous direction/ guidelines to route the trades through RFQ platform of a recognized stock exchange. The relevant details are tabulated below;

| Quarters               | No of Trades | Total Trade Value (INR) |
|------------------------|--------------|-------------------------|
| <b>Q3 FY 2024-2025</b> |              |                         |
| July, 2024             | 20           | 45.99 Lacs              |
| August, 2024           | 28           | 58.56 Lacs              |
| September, 2024        | 22           | 81.34 Lacs              |
| <b>Q4 FY 2024-2025</b> |              |                         |
| October, 2024          | 34           | 118.13 Lacs             |
| November, 2024         | 31           | 88.86 Lacs              |
| December, 2024         | 43           | 155.39 Lacs             |
| <b>Q1 FY 2025-2026</b> |              |                         |
| January, 2025          | 21           | 203.17 Lacs             |
| February, 2025         | 34           | 104.42 Lacs             |
| March, 2025            | 47           | 103.36 Lacs             |
| <b>Grand Total</b>     | <b>280</b>   | <b>INR 9.59 Crores</b>  |

10.1.3 I also note that no exemption was granted to the Noticee by exchange or SEBI with respect to compliance requirement of mandatory routing of trades through RFQ and continued to route trades through off-market mechanism. Further, from the above, I note that admittedly platform used by the Noticee was not calibrated to execute/route the trades through RFQ platform. Although, Noticee has now stopped trading in the said segment. However, during the IP, it was non-compliant with respect to the provisions of SEBI circular. Thus, it stands established that Noticee violated Clause 3.4.1 of Annex-XXI-A r/w Clause 5.2.1 of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 during the IP.



## 10.2 Failure to execute third party agreements in line with SEBI Regulations and circulars pertaining to OBPP

10.2.1 As regards the submission of Noticee that it had entered into agreements with the third party sellers immediately when the same was pointed out by the inspection team and it was not entered to earlier due to the difference in regulatory interpretation, and its further submission that since Golden PI had agreement with all the sellers, there was no separate requirement to enter into separate agreements directly with the third Party Sellers, I note from the submission of the Noticee above that admittedly, agreement with the Third party sellers was executed post inspection. In this regard, I note that in terms of Clause 3.2 of Annex-XXI-A of Chapter XXI SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, Noticee was mandatorily required to enter into an agreement with third party sellers since it was offering the inventory of the third party sellers.

10.2.2 I note that the said clause mandate an OBPP to enter into an agreement in writing with third party sellers defining the inter-se relationship and mutual rights, liabilities, and obligations relating to such assignments. Further, from the material available on record, I note that the platform operated by the Noticee was developed by GoldenPi Technologies Private Limited and the rights to use the platform had been procured by the Noticee in terms of agreement dated May 30, 2024 for a specific licensing fee, which was paid by Noticee to GoldenPi on annual basis. Thus, I note that the Noticee was offering the debt securities held by vendors on its online bond platform, without entering into any agreement with third party seller entities.

10.2.3 Therefore, it stands established that the Noticee violated Clause 3.2 of Annex-XXI-A of Chapter XXI of SEBI Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.

### **ISSUE No. II: Do the violations attract monetary penalty u/s 15HB of SEBI Act upon Noticee?**

11. The provision of Section 15HB of the SEBI Act read as under:

**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.*

12. In view of the findings as given above, I am convinced that the Noticee is liable for monetary penalty u/s 15HB of the SEBI Act for violation of the provisions of SEBI Circular, as established above.

**ISSUE No. III: If so, what should be the monetary penalty taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?**

13. While determining the quantum of penalty u/s 15HB of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

**SEBI Act**

*“15J. Factors to be taken into account by the adjudicating officer*

*While adjudging quantum of penalty under Section 23-I, 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.”*

14. I note that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the Noticee. From the document available on record, I note that the Noticee has been penalized by SEBI in the past but not with respect to its activities as an OBPP. However, as established in the preceeding paragraphs that the Noticee violated the applicable provisions during the IP and the same in my assessment ought not to be taken leniently and deserve to be adequately penalized. The very purpose of the said provisions is to deter wrong doing and promote ethical conduct in the securities market. I cannot



ignore the fact that the Noticee was under a statutory obligation to abide by the provisions of the SEBI Circular, which it failed to do during the IP.

15. Although, the Noticee has stated that it had taken various corrective steps, I cannot lose sight of the fact that irregularities were committed by the Noticee. The Noticee being a registered intermediary is expected to adhere to fair practices and maintain a high degree of professionalism in the conduct of its business.

### **ORDER**

16. After taking into consideration the facts and circumstances of the case, in exercise of powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the SEBI Adjudication Rules, I hereby impose a penalty of Rs. 2,00,000/- (Rupees Two Lakhs Only) u/s 15HB of SEBI Act on the Noticee. I find that the said penalty is commensurate with the violations committed by Noticee.
17. 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](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

**ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

18. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 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.
19. In terms of Rule 6 of the SEBI Adjudication Rules, a copy of this order is sent to the Noticee and also to the Securities and Exchange Board of India.

**Amit  
Kapoor** Digitally signed  
by Amit Kapoor  
Date: 2026.10.13  
11:12:03 +05'30'

**Date: October 13, 2026**

**Place: Mumbai**

**AMIT KAPOOR  
ADJUDICATING OFFICER**