



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/JS/VC/2026-27/32760)**

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:

Rashi Equisearch Private Limited

PAN: AABCR5632H

SEBI Registration Number: INZ000276636

In the matter of Rashi Equisearch Private Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) along with NSE conducted thematic inspection of Rashi Equisearch Private Limited (hereinafter referred to as “**Noticee**”), stock broker having Reg. No. INZ000276636 on November 27, 2025. The period of inspection was from April 01, 2024 to November 27, 2025 (hereinafter referred to as ‘**Inspection Period**’).
2. Based on the findings of inspection, SEBI initiated adjudication proceedings against Noticee under section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) for alleged violation of the following provisions:
 - (a) Clause no. III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 read with clause no. 35.2 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025;
 - (b) Clause no. 5.4.1 of NSE circular no. NSE/MSD/57331 dated June 28, 2023 read with regulation 9(b) of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as “**Stock Brokers Regulations, 1992**”) read with regulations 10(b) and 51(3) of SEBI (Stock Brokers) Regulations, 2026 (hereinafter referred to as “**Stock Brokers Regulations, 2026**”); and



- (c) Clause no. 1.a of SEBI Circular No. CIR/MRD/DP/8/2011 dated June 30, 2011 read with clause no. 1.4.1.1 of Chapter 2 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024.

APPOINTMENT OF ADJUDICATING OFFICER

3. Pursuant to re-allocation of the matter from erstwhile Adjudicating Officer (hereinafter referred to as “**AO**”), the undersigned was appointed as AO in the matter vide order dated July 23, 2026, under section 19 of the SEBI Act read with section 15-I of the SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”), to inquire into and adjudge the alleged violations of aforesaid provisions by Noticee under the provisions of section 15HB of the SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice bearing Ref. No. SEBI/HO/EAD-2/JS/VC/20700/2026 dated August 07, 2026 (hereinafter referred to as “**SCN**”) was issued to the Noticee in terms of the provisions of rule 4(1) of the Rules, requesting Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed upon it under section 15HB of the SEBI Act for the alleged violations.
5. The SCN dated August 07, 2026, *inter alia*, alleged the following:

A. Failure to maintain evidence of clients’ pre-order confirmations or authorizations

During the inspection, it was observed that Noticee had failed to maintain any evidence of pre-order confirmations or authorizations for 38 clients out of 50 sample clients. Therefore, it was alleged that Noticee had violated the provisions of clause no. III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 read with clause no. 35.2 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025.

B. Failure to capture Internet Protocol (IP) addresses for Internet Based Trading (IBT) and Securities Trading using Wireless Technology (STWT) orders

(a) During the inspection, three unique clients registered under the IBT/ STWT platform were selected for verification. It was observed that Noticee had failed to provide the system logs containing IP addresses for the Internet Based Trading orders/ trades placed by said three clients. Therefore, it was noted that Noticee failed to capture originating IP addresses for IBT/ STWT trades.



(b) In this regard, Noticee vide its reply dated March 17, 2026, inter alia, admitted the violation and stated that the facility to capture IP address from where the trades originated was not available during the relevant period.

(c) In view of the above, it was alleged that Noticee had violated the following provisions:

- (i) Clause no. 5.4.1 of NSE circular no. NSE/MSD/57331 dated June 28, 2023 read with regulation 9(b) of Stock Brokers Regulations, 1992 read with regulations 10(b) and 51(3) of Stock Brokers Regulations, 2026; and
- (ii) Clause no. 1.a of SEBI Circular No. CIR/MRD/DP/8/2011 dated June 30, 2011 read with clause no. 1.4.1.1 of Chapter 2 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024.

6. Vide letter dated August 20, 2026, Noticee submitted its reply to the SCN. The relevant extracts of the Noticee's reply are as under:

I. Submissions on merits

A. Alleged failure to maintain evidence of pre-order confirmation

- (a) The alleged default under is, at worst, a technical and curable lapse in the mode of record-keeping and not a case of unauthorised trading, misuse of client funds/securities, or any conduct causing loss, harm or prejudice to any client. This is evident from the following facts, none of which have been disputed by SEBI.
- (b) Of the clients referred in the SCN, in respect of 4 clients (Client Codes 10178, 10181, 10189 and 24109), Noticee furnished voice call recordings evidencing pre-order confirmation, which have already been accepted by SEBI/ NSE as being in compliance with the applicable circulars, as recorded in the final inspection report.
- (c) In respect of 2 clients (Client Code 25119- Mr. Raghav Karol and Client Code 25141- Raghav Karol HUF), the orders were placed by the clients in person, by visiting the Noticee's dealing room during market hours and instructing the dealer verbally, face-to-face. A client who is physically present before the dealer and gives instructions directly and in person represents, if anything, a higher and more direct form of order authentication than a remote/recorded instruction, even though it does not lend itself to a voice recording or written slip in the ordinary course. No dispute whatsoever has ever been raised, either by the said client or otherwise, regarding the genuineness of any order placed by him. The client has confirmed his willingness to issue a written confirmation/affidavit affirming the manner of order placement, if required.
- (d) In respect of the remaining 36 clients, orders were placed by the clients with the Noticee's dealer over WhatsApp voice calls and/or WhatsApp text messages. It is an unfortunate but honestly disclosed fact that the dealer concerned had enabled the 'Disappearing Messages' feature on his WhatsApp account (set to auto-delete after 24 hours), resulting in the underlying WhatsApp record not being available for production. Noticee has, since the observation was pointed out, taken corrective steps to ensure this does not recur. However, it was submitted that:
 - (i) every one of the said trades was followed by an Electronic Contract Note (ECN) issued and emailed to the client's registered email ID, recording the details of the trade executed;



- (ii) every one of the said clients thereafter discharged, without demur, their respective pay-in, margin and mark-to-market ("MTM") obligations in respect of such trades, as reflected in their ledgers;
 - (iii) not a single client, out of the 258 non-institutional clients of Noticee, has raised any complaint of unauthorised trading with the Noticee, with the stock exchanges, or through the SEBI Complaints Redress System (SCORES) at any point during the 19-month inspection period or thereafter, a fact recorded by the Noticee as 'NIL' in its stock broker questionnaire dated November 26, 2025 submitted to the inspecting officials and not controverted by SEBI;
 - (iv) the post-facto conduct of the clients in accepting the ECNs and honouring their settlement obligations amounts to clear and unequivocal ratification of the trades in question, leaving no room for any dispute of the kind that clause 111 of SEBI Circular dated March 22, 2018 and clause 35.2 and 35.3 of SEBI Master Circular dated June 17, 2025 are intended to guard against.
- (e) The object and purpose of the requirement to maintain evidence of pre-order confirmation is to protect investors against unauthorised trading and to provide a reliable record in the event of a dispute between the client and the stock broker. Whereas here, (i) every trade has in fact been placed by the client concerned or a person duly authorised by the client; (ii) every trade has been confirmed post-facto through a registered communication channel (ECN to registered email); (iii) every trade has been fully settled without demur; and (iv) no dispute has arisen or been alleged by any client, the underlying regulatory objective stands substantially achieved, and the default, if any, is confined to the form and mode of recordkeeping rather than any substantive harm to an investor.
- (f) Without prejudice to the above, the Noticee has already undertaken remedial measures to ensure full and demonstrable compliance going forward, including discontinuation of order-taking over channels that do not permit a verifiable audit trail, and has certified completion of the said corrective action to NSE vide its Compliance Status Report dated April 27, 2026, wherein the observation regarding pre-order confirmation has been certified as "complied".

B. Alleged failure to capture IP address for IBT/STWT orders

- (a) Noticee was using the BOLTPlusOnWeb trading terminal provided by BSE for IBT/STWT orders. At the relevant time, no facility or server had been enabled or installed at the Noticee's end by BSE, as the technology/terminal service provider, for downloading or retrieving IP address logs from the said terminal. This position was expressly confirmed to the Noticee by BSE helpdesk when Noticee raised the query in January 2026. The absence of IP capture, therefore, arose from a limitation inherent in the terminal/technology infrastructure provided by the stock exchange's technology partner and not from any deliberate act, omission, or want of bona fides on the part of Noticee.
- (b) Significantly, the underlying IP address data was, at all relevant times, captured and retained by BSE at the server/exchange level and was never actually lost. This is demonstrated by the fact that, immediately upon being queried during the thematic inspection, Noticee proactively approached BSE and successfully obtained the IP address details for all 4 relevant dates (including, in response to the specific queries



dated January 13, 2026 and February 04, 2026 raised by the inspecting officials, the details for Client Code 37028 for the order dated January 23, 2025, Client Code 17010 for the order dated October 22, 2024, and Client Code 37003 for the order dated September 13, 2024), which were furnished to SEBI/NSE under cover of BSE's email dated February 19, 2026, along with the corresponding login/logout activity reports. The data pertaining to the origin of the orders was therefore always available and traceable within the securities market ecosystem, the lapse was confined to the Noticee's own real-time visibility of and ability to independently download, such logs from the terminal provided to it.

- (c) On being asked to provide a written note in this regard, Noticee, vide its email dated March 17, 2026, candidly and without any attempt at concealment, admitted that the facility to capture IP addresses was not available during the relevant period, explained the steps it had taken with BSE's helpdesk and undertook to implement a mechanism for daily capture and retention of IP address logs going forward. The Noticee has since obtained the requisite procedure from the BSE helpdesk, implemented the same and has, vide its Compliance Status Report dated April 27, 2026 submitted to NSE, certified this observation as 'complied'.
- (d) Noticee's conduct, namely, forthright admission of the gap, proactive retrieval of the missing data from the stock exchange's technology partner and swift implementation of a permanent corrective mechanism well before issuance of the SCN demonstrates the complete absence of any intention to evade or defeat the regulatory requirement and reflects genuine and continuing commitment to compliance. It is also relevant that Noticee responded diligently and without delay to every specific query raised by the inspecting officials during the course of the inspection, including queries dated January 13, 2026, February 04, 2026 and March 11, 2026 concerning the IP address details in issue and that a representative of Noticee personally appeared before the officials of SEBI to further explain the Noticee's position. This underscores the Noticee's complete and continuous cooperation throughout the inspection and post-inspection process.

C. Submissions on quantum of penalty under section 15J of the SEBI Act

- (a) Without prejudice to the submissions made hereinabove on merits and in the event any violation is made out, the Noticee made the following submissions on the question of penalty, strictly in terms of section 15J of the SEBI Act.
- (b) It is well settled that the factors enumerated in section 15J are mandatory considerations which the Adjudicating Officer is bound to bear in mind while determining the quantum of penalty and that this obligation applies with equal force even to provisions, such as section 151HB, which prescribe a minimum penalty. In *Adjudicating Officer, SEBI v. Bhavesh Pabari*, (2019) 5 SCC 90, the Hon'ble Supreme Court held that sections 15A to 15HA of the SEBI Act must be read harmoniously with section 15J, that the factors set out in section 15J are illustrative rather than exhaustive, and that the Adjudicating Officer retains guided discretion to moderate the penalty, including going below the prescribed minimum or declining to impose any penalty at all- where the facts and circumstances of the case, including the absence of disproportionate gain, absence of investor loss and the non-repetitive nature of the default, so warrant. Similarly, in *SEBI v. Roofit Industries Ltd.* (2016)



12 SCC 94, the Hon'ble Supreme Court had emphasised that the quantum of penalty must be proportionate to and commensurate with the gravity and effect of the default, and cannot be imposed mechanically.

(c) Applying the aforesaid factors to the facts of the present case:

- (i) Disproportionate gain or unfair advantage: The alleged defaults are purely procedural/record-keeping lapses. SEBI has not alleged and there exists no material to suggest, that the Noticee derived any monetary gain, commission, brokerage advantage or any other unfair benefit whatsoever as a result of either alleged default. The disproportionate gain, if any, is admittedly and demonstrably Nil.*
 - (ii) Loss to investors: As detailed above, every trade referable to the alleged defaults was in fact placed by the client concerned (or a person authorised by/acting for the client), was confirmed to the client through an ECN sent to the client's registered e-mail ID and was duly and fully settled by the client without demur. No client has, at any point, alleged unauthorised trading, raised a dispute or suffered any loss on account of the matters referred to in the SCN. The loss caused to investors, if any, is therefore also Nil.*
 - (iii) Repetitive nature of the default: The observations in question arose from a single thematic inspection and pertain to the Noticee's very first exposure to these specific record-keeping requirements in the manner tested by SEBI. There is no history of any similar or comparable default by the Noticee in the past. Further and most significantly, Noticee did not wait for the SCN or even for completion of the present proceedings, to remediate the position: it proactively engaged with BSE to retrieve and furnish the missing IP address data, implemented a permanent daily IP-capture protocol and certified full compliance on both counts to NSE vide its Compliance Status Report dated April 27, 2026, i.e., within the very 30-day timeline prescribed by SEBI's letter dated April 01, 2026 to NSE read with NSE's consequential letter dated April 07, 2026 (which required submission of the Compliance Status Report within 30 days of April 07, 2026, i.e., on or before May 07, 2026), Noticee thus having complied nearly ten days ahead of the outer deadline fixed by the regulator, well over three months before the SCN was issued. This demonstrates not merely an absence of repetition, but a demonstrated and verified elimination of any risk of recurrence.*
- (d) In view of the foregoing and having regard to the mandatory factors under section 15J, namely nil disproportionate gain, nil investor loss and the non-repetitive, promptly-remediated nature of the alleged defaults, Noticee submitted that this is a fit case where the proceedings ought to be dropped in their entirety with a suitable word of caution/advisory or in the alternative, in the event any violation is held to be made out, only a nominal/minimal penalty, at the lowest end of the scale (and, if warranted on the facts, below the statutory floor prescribed under section 15HB, consistent with the law laid down in Bhavesh Pabari), ought to be imposed.*

7. Vide notice of hearing dated September 03, 2026, an opportunity of personal hearing on September 10, 2026 was granted to the Noticee. However, pursuant to the request made by Noticee, the hearing was rescheduled to September 16, 2026.



Further, vide email dated September 16, 2026, Noticee filed an additional reply and furnished copies of the judgments on which it placed reliance in this matter. On September 16, 2026, authorised representatives of Noticee, viz., Mr. Kamal Agrawal, attended the personal hearing through video-conferencing and reiterated the submissions made by the Noticee vide letter dated August 20, 2026 and email dated September 16, 2026.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have carefully perused the charges levelled against Noticee in the SCN, its replies, submissions made during personal hearing and material available on record. The issues that arise for consideration in the present case are as follows:
 - I. Whether Noticee failed to maintain evidence of clients' pre-order confirmations or authorizations, thereby violated clause III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 read with clause 35.2 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025?
 - II. Whether Noticee failed to capture and provide system logs containing originating IP addresses for IBT/STWT orders/trades, thereby violated clause 5.4.1 of NSE Circular No. NSE/MSD/57331 dated June 28, 2023 read with regulation 9(b) of the Stock Brokers Regulations, 1992, regulations 10(b) and 51(3) of the Stock Brokers Regulations, 2026, clause 1.a of SEBI Circular No. CIR/MRD/DP/8/2011 dated June 30, 2011 and clause 1.4.1.1 of Chapter 2 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024?
 - III. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?
 - IV. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?
9. Before proceeding further, it is pertinent to refer to the provisions allegedly violated by the Noticee, as under:



SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018:

“III. To further strengthen regulatory provisions against un-authorized trades and also to harmonise the requirements across markets, it has now been decided that all brokers shall execute trades of clients only after keeping evidence of the client placing such order, which could be, inter alia, in the form of:

- a. Physical record written & signed by client,*
- b. Telephone recording,*
- c. Email from authorized email id,*
- d. Log for internet transactions,*
- e. Record of messages through mobile phones,*
- f. Any other legally verifiable record.*

When a dispute arises, the broker shall produce the above mentioned records for the disputed trades. However for exceptional cases such as technical failure etc. where broker fails to produce order placing evidences, the broker shall justify with reasons for the same and depending upon merit of the same, other appropriate evidences like post trade confirmation by client, receipt/payment of funds/securities by client in respect of disputed trade, etc. shall also be considered.”

SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025:

“35.2. To further strengthen regulatory provisions against un-authorized trades and also to harmonise the requirements across markets, it has now been decided that all brokers shall execute trades of clients only after keeping evidence of the client placing such order, it could be, inter alia, in the form of:

- a. Physical record written & signed by client,*
- b. Telephone recording,*
- c. Email from authorized email id,*
- d. Log for internet transactions,*
- e. Record of SMS messages,*
- f. Any other legally verifiable record.”*

NSE circular no. NSE/MSD/57331 dated June 28, 2023:

“5.4. Additional Requirements for Internet Based Trading (IBT) and Securities trading using Wireless Technology (STWT)

Trading members shall comply with the following:

5.4.1. The broker shall capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT orders.”

Stock Brokers Regulations, 1992:

“Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely, -

.....

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;”



Stock Brokers Regulations, 2026:

“Conditions of certificate.

10. *The certificate granted under regulation 7 shall be subject to the conditions that the stock broker, –*

.....

(b) abides by the rules, regulations and bye-laws of such recognized stock exchange in respect of the activities carried on by it as a stock broker;”

“Repeal and Savings

51. *.....*

(3) After the repeal of the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, any reference thereto in any other regulations, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.”

SEBI Circular no. CIR/MRD/DP/8/2011 dated June 30, 2011:

“1. Further to the SEBI circular no SMDRP/POLICY/CIR-06/2000 dated January 31, 2000 on Internet Based Trading and SEBI circular no CIR/MRD/DP/25/2010 dated August 27, 2010 on Securities Trading using Wireless Technology, it has been decided that the stock exchange shall ensure that the broker comply with the following –

a. The broker shall capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT orders.”

SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024:

“1.4. Additional Requirements for Internet Based Trading (IBT) and Securities trading using Wireless Technology (STWT)4

1.4.1. The stock exchange shall ensure that the broker comply with the following:

1.4.1.1. The broker shall capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT orders.”

10. The issues raised in this matter are dealt in the following paragraphs.

Issue I. Whether Noticee failed to maintain evidence of clients’ pre-order confirmations or authorizations, thereby violated clause III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 read with clause 35.2 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025?

11. The SCN alleged that Noticee failed to maintain evidence of pre-order confirmations or authorizations for 38 clients out of 50 sample clients.



12. In response to the allegations, Noticee submitted that the alleged failure to maintain evidence of pre-order confirmation was, at most, a technical and curable lapse in the mode of record-keeping and did not involve any unauthorized trading, misuse of client funds or securities, or any loss or prejudice to clients. In respect of two clients, Noticee stated that the orders were placed in person by the clients at the dealing room during market hours and no dispute has ever been raised regarding the genuineness of such orders. As regards the remaining 36 clients, Noticee submitted that the orders were placed through WhatsApp voice calls and/or text messages, however, the records could not be produced because the dealer had enabled the disappearing messages feature, which resulted in auto-deletion of the underlying record. Noticee emphasized that Electronic Contract Notes were issued to the clients' registered email IDs in respect of all such trades, the clients duly met their pay-in, margin and mark-to-market obligations and no complaint of unauthorized trading had been raised by any client during the inspection period or thereafter. Noticee further contended that the post-trade conduct of the clients clearly reflected acceptance and ratification of the trades and therefore the regulatory objective of safeguarding against unauthorized trading stood substantially achieved. Noticee also submitted that the corrective measures had since been implemented, including discontinuation of order-taking through channels that do not permit a verifiable audit trail and compliance with the observation was confirmed to NSE in its Compliance Status Report dated April 27, 2026.
13. In this regard, it is noted that Noticee has admitted its failure to maintain pre-order confirmations or authorizations for 38 out of 50 sample clients, while seeking to characterize the violation as a mere technical and curable lapse. In respect of 36 clients, Noticee has stated that the relevant records were not available because the dealer had enabled the 'disappearing messages' feature on WhatsApp, resulting in auto-deletion of the underlying communications. Noticee, being a regulated market intermediary, was under an obligation to ensure that adequate internal controls and systems were in place for preservation, retention and retrieval of client order placement records. The use of a communication setting that led to auto-deletion of trade-related messages clearly reflects a failure to maintain the requisite record of client order placements. Further, in respect of two other clients, Noticee stated that



the orders were placed in person by the clients at the dealing room during market hours, however, no evidence or record of such order placement was available with or produced by Noticee. Therefore, the contention that such orders were placed in person does not satisfy the requirement of preserving legally verifiable evidence of order placement.

14. The requirement under clause III of SEBI Circular dated March 22, 2018 and clause 35.2 of the SEBI Master Circular dated June 17, 2025, specifically requires stock brokers to execute trades of clients only after keeping evidence of the client placing such order, which may be in the form of physical record signed by the client, telephone recording, email from authorized email ID, internet transaction logs, mobile message records or any other legally verifiable record. In this context, the submissions of Noticee that Electronic Contract Notes were issued to clients, settlement obligations were honoured and no complaint of unauthorized trading was received may, at best, be considered as mitigating circumstances, however, the same do not cure, absolve or condone the admitted failure to maintain evidence of client order placements in the manner mandated under the aforesaid circulars. Therefore, the non-availability of evidence of client order placements constitutes a violation of the aforesaid regulatory provisions.
15. In this connection, it is also relevant to note that, out of a sample size of 50 instances, in 38 instances there was absence of evidence with respect to clients placing orders. A finding that 76% of the trades were not supported by orders placement records from a sample of 50 indicates a serious lapse in this regard by the Noticee.
16. In view of the above, I hold that Noticee violated the provisions of clause no. III of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 read with clause no. 35.2 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/90 dated June 17, 2025.

Issue II. Whether Noticee failed to capture and provide system logs containing originating IP addresses for IBT/STWT orders/trades, thereby violated clause 5.4.1 of NSE Circular No. NSE/MSD/57331 dated June 28, 2023 read with regulation 9(b) of the Stock Brokers Regulations, 1992, regulations 10(b) and



51(3) of the Stock Brokers Regulations, 2026, clause 1.a of SEBI Circular No. CIR/MRD/DP/8/2011 dated June 30, 2011 and clause 1.4.1.1 of Chapter 2 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024?

17. It was alleged in the SCN that, out of three sample clients registered under the IBT/STWT platform selected for verification, Noticee failed to provide the system logs containing originating IP addresses for the IBT orders/trades placed by the said three clients. Accordingly, it was alleged that Noticee failed to capture and maintain the originating IP addresses for IBT/STWT orders/trades.
18. In response, Noticee submitted that, at the relevant time, the BOLTPlusOnWeb trading terminal provided by BSE for IBT/STWT orders did not have any facility enabled at Noticee's end for downloading or retrieving IP address logs and that this limitation in the terminal infrastructure was confirmed by the BSE helpdesk in January 2026. Noticee contended that the underlying IP address data was, however, captured and retained by BSE at the server/exchange level and was never lost. Upon being queried during inspection, Noticee approached BSE and obtained the relevant IP address details and login/logout activity reports, which were thereafter furnished to SEBI/NSE. Noticee further submitted that it candidly disclosed, vide email dated March 17, 2026, that the facility to capture IP addresses was not available during the relevant period, explained the steps taken with the BSE helpdesk and undertook to implement a mechanism for daily capture and retention of such logs. It was also submitted that the requisite procedure was subsequently obtained from BSE, implemented by the Noticee and the observation was confirmed as complied to NSE in its Compliance Status Report dated April 27, 2026. Noticee emphasized that its conduct in admitting the gap, proactively retrieving the data, responding promptly to inspection queries and implementing corrective measures before issuance of the SCN demonstrates absence of any mala fide intent and reflects continuous cooperation and commitment to compliance.
19. In this regard, it is noted that Noticee has admitted that during the inspection period, it did not have the technical facility or mechanism at its end to download, retrieve or maintain the IP address logs for orders executed through the BSE BOLTPlusOnWeb



trading terminal. Noticee's contention that this limitation arose from the infrastructure of the exchange-provided terminal and that the relevant data was subsequently obtained from the BSE and furnished during the inspection, does not absolve the Noticee of its independent regulatory obligations. As a regulated market intermediary, it was the sole responsibility of Noticee to ensure strict compliance with the regulatory provisions before offering or executing trades through its IBT/STWT platforms. Noticee cannot shift its compliance burden to the stock exchange or plead a terminal configuration oversight as a valid defense. As a registered stockbroker providing IBT/STWT facilities, Noticee was under a specific and mandatory statutory obligation to capture and maintain the originating IP addresses for such orders and trades. Noticee's inability to independently access, retrieve or maintain these logs at its own end during the relevant period demonstrates non-compliance with the stated requirements. Although Noticee submitted that it subsequently coordinated with the BSE helpdesk, retrieved the relevant data and implemented a daily logging mechanism by April 2026, such post-inspection remedial measures do not absolve or efface the violation that subsisted during the inspection period. Therefore, I hold that Noticee failed to capture and maintain the originating IP addresses for IBT/STWT orders, thereby violated the prescribed regulatory provisions.

20. In view of the above, I hold that Noticee violated provisions of clause no. 5.4.1 of NSE circular no. NSE/MSD/57331 dated June 28, 2023 read with regulation 9(b) of Stock Brokers Regulations, 1992 read with regulations 10(b) and 51(3) of Stock Brokers Regulations, 2026 and clause no. 1.a of SEBI Circular No. CIR/MRD/DP/8/2011 dated June 30, 2011 read with clause no. 1.4.1.1 of Chapter 2 of SEBI Master Circular No. SEBI/HO/MRD-PoD2/CIR/P/2024/00181 dated December 30, 2024.

Issue III. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?

Issue VI. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?



21. In the light of findings and observations made against the Noticee in the foregoing paragraphs, it has been established that Noticee failed to maintain evidence of clients' pre-order confirmations or authorizations and failed to capture and maintain the originating IP addresses for IBT/STWT orders.
22. With regard to the imposition of monetary penalty, Noticee submitted that the factors under section 15J of the SEBI Act should be considered to either drop the proceedings or restrict the outcome to a nominal penalty, contending that the lapses were merely procedural, resulted in no disproportionate gain or investor loss, were non-repetitive and were remedied prior to the issuance of the SCN. In this regard, it is noted that the violations established in the present matter cannot be treated as mere procedural irregularities, as they pertain to core regulatory requirements concerning preservation of legally verifiable evidence of client order placement and maintenance of originating IP address logs for IBT/STWT orders, both of which are essential for ensuring audit trail, accountability and investor protection. The absence of disproportionate gain or quantified investor loss, though relevant, does not by itself dilute the seriousness of the established violations.
23. Further, during the hearing, Noticee placed reliance on the decision of the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *National Highways Authority of India (NHAI) v. SEBI*¹ and contended that the monetary penalty imposed therein was set aside and substituted with a warning. In this regard, it is noted that the said decision rendered by the Hon'ble SAT is entirely distinguishable from the present matter. In the NHAI case, the Hon'ble SAT explicitly recorded that the substitution of the monetary penalty with a warning was directed under the peculiar facts and circumstances of the said case which should not be treated as a precedent for other matters. It is further noted that the relief granted therein was based on the consideration that NHAI, being a statutory authority constituted under a separate enactment, was subject to multiple layers of institutional decision-making involving senior government officials discharging diverse public functions, which rendered strict adherence to disclosure timelines operationally cumbersome and, at times, beyond the immediate control of its officers. The facts and circumstances of the

¹ Appeal No. 232 of 2020, Order dated August 27, 2020



present case stand on an entirely different footing. The violations established herein pertain to failure to maintain legally verifiable evidence of client order placement and failure to capture and maintain originating IP address logs for IBT orders, both of which relate to core and direct compliance obligations resting entirely upon Noticee as a registered stock broker. These obligations are intrinsic to the operational and supervisory framework of a market intermediary and cannot be equated with delays arising from institutional or statutory decision-making constraints of a public authority such as NHA. Therefore, in light of the findings recorded hereinabove, the reliance placed by Noticee on the aforesaid decision is not acceptable.

24. In this context, it is noted that the Hon'ble Supreme Court in the matter of *Kotak Mahindra Asset Management Company Limited v. SEBI*², *inter alia*, observed that:

"The contention that no loss was caused to the investors/unitholders and, on the contrary, they gained and, hence, action should not have been taken is no defence at all. The 1996 Regulations make no distinction between a breach resulting in profit and a violation resulting in loss. Neither do we. Breaches of the regulatory framework, fortuitously, could ultimately result in gain but excusing a breach which led to profit is likely to incentivize the next breach. Progression from profit to greed, from greed to regulatory breach and from breach to systemic failure is not too unfamiliar. Market integrity being the paramount consideration, profit or loss to investors is immaterial to determine whether a regulatory infraction has occurred. A wrongdoer cannot be allowed to use the plea of the investors having gained, notwithstanding the violation, as a shield for evading penalty. The 1996 Regulations operate in a specific field: to ensure compliance. Variable scenarios of violation is not contemplated."

25. Further, reliance is placed on the judgment of the Hon'ble Supreme Court dated May 23, 2006 in the matter of *SEBI v. Shriram Mutual Fund and Anr.*³, wherein it was, *inter alia*, observed that:

"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not."

² Order dated July 13, 2026 in Civil Appeal Nos. 6529, 4681 and 6527 of 2026

³ 68 SC 216 (SC)



26. Therefore, the aforesaid violations make Noticee liable for monetary penalty under section 15HB of the SEBI Act. The said provision reads as follows:

“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.”*

27. While determining the quantum of penalty, the following factors stipulated in section 15-J of the SEBI Act are taken into account:

“Factors to be taken into account while adjudging quantum of penalty

15J *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.”*

28. In this connection, the material available on record does not indicate any quantifiable gain or unfair advantage accrued to Noticee, nor does it disclose the extent of any loss suffered by investors as a result of the non-compliance with the provisions of the Stock Brokers Regulations and the applicable SEBI and NSE circulars. Further, with regard to the repetitive nature of the default, the record does not reveal any previous similar regulatory default on the part of Noticee. However, the findings recorded hereinabove establish that Noticee failed to maintain evidence of clients' pre-order authorizations and failed to capture and maintain the originating IP addresses for IBT orders. These established violations, being in the nature of serious compliance lapses affecting regulatory audit trail and accountability, warrant imposition of an appropriate monetary penalty.

ORDER

29. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary



penalty of ₹1,00,000/- (Rupees One Lakh only), under section 15HB of the SEBI Act, on the Noticee. In my view, the said penalty is commensurate with the violation committed by the Noticee in this case.

30. The 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 on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

31. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 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.
32. In terms of rule 6 of the Rules, copy of this order is sent to the Noticee and also to SEBI.

JAI
SEBASTIAN

Digitally signed by JAI
SEBASTIAN
Date: 2026.10.07
15:22:12 +05'30'

Place: Mumbai
Date: October 07, 2026

JAI SEBASTIAN
ADJUDICATING OFFICER