BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/RJ/2026-27/32501]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICERS) RULES, 1995

In respect of:

Pace Stock Broking Services Private Limited
PAN: AACCP8410G

In the matter of Front Running of trades of Axis Mutual Fund by certain clients of Pace Stock Broking Services Private Limited

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BACKGROUND OF THE CASE

1. Pace Stock Broking Services Private Limited (hereinafter referred to as '**Noticee'**) is registered with the Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') as stock broker.

2. SEBI conducted an investigation into the trades placed through Noticee, which were suspected to be front-running the trades of Axis Mutual Fund (hereinafter referred to as '**Axis MF**'). The said investigation was conducted for the period from April 01, 2020 to March 31, 2022 (hereinafter referred to as **'investigation period**'/ '**IP'**).

3. Based on the findings of the investigation, SEBI initiated adjudication proceedings against Noticee for alleged violation of regulations 9(b) and 9(f) of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as '**Stock Brokers Regulations'**) read with clauses A(1), A(2), and A(5) of the Code of Conduct for Stock Brokers, section 11C(3) of SEBI Act, 1992 and SEBI Circular No. CIR/MRD/DMS/34/2013 dated November 06, 2013 (hereinafter referred to as **'SEBI Circular dated November 06, 2013'**), NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574,

NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/1891 and NSE/INSP/40559.

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI appointed the undersigned as the Adjudicating Officer vide communique dated February 10, 2026 under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'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 aforesaid violations under sections 15A(a), 15A(c) and 15HB of SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated February 23, 2026 (hereinafter referred to as '**SCN**') was issued to the Noticee to show cause as to why an inquiry should not be initiated against it and penalty, if any, should not be imposed upon it under the provisions of sections 15A(a), 15A(c) and 15HB of SEBI Act, as to why an inquiry should not be held against the Noticee and why penalty, if any, should not be imposed on it in terms of the provisions of the sections 15A(a), 15A(c) and 15HB of the SEBI Act for the violations alleged to have been committed by the Noticee.

6. The SCN, *inter alia,* alleged the following:

<u>*IP Addresses*</u>

(a) In terms of SEBI Circular dated November 06, 2013, Type III category Stock Brokers are required to maintain and preserve data relevant to, system logs, IP address of the originating systems, mapping of specific user IDs to specific predefined location for proprietary orders, records of control parameters, orders, traders and data emanating from trades executed through algorithmic trading. In this regard, Noticee, being a Type III stock broker, claimed that it had maintained the information of all the IP addresses in use during the FYs 2020-2023. However, it was observed that Noticee could not provide the corresponding IP addresses associated/mapped with the specific user id/dealer/trader for the respective trades during the investigation.

(b) Accordingly, it was alleged that Noticee was not able to provide the order/trade connection log information in the requisite manner as mandated. Thus, Noticee has allegedly violated SEBI Circular dated November 06, 2013 read with regulations 9(b) and 9(f) of Stock Brokers Regulations and clause A(5) of Code of Conduct for Stock Brokers.

<u>Dealer, Mr. Kaleeswaran Pandian</u>

(a) During the investigation, trades executed by the dealer, Mr. Kaleeswaran Pandian, in the cash segment were analysed. The summary of his trading details is provided as under:

Table 1

Particulars	***Traded Quantity by Dealer***	***% to traded Quantity to Total Alleged FR instance Quantity***	***% to total Trading by PACE***
Buy	*1,24,19,531*	*21.31%*	*0.29%*
Sell	*1,24,22,281*	*21.32%*	*0.28%*

Table 2

Particulars	***Buy Quantity***	***Sell Quantity***
Total Alleged FR instances trading	***5,82,77,473***	***31,59,85,28,865***
Total PACE Trading	***4,26,34,07,650***	***4,45,50,29,374***

(b) Thereafter, details about the said dealer, along with his strategy and trading, were sought from Noticee vide email dated February 17, 2025. In response, Noticee vide email dated February 24, 2025, *inter alia*, stated that:

"… CTCL ID "201010805001," which was reported to have been operated by Mr. Rajeev Ranjan. For the same ID, the name of Mr. Pandian Kaleeswaran was uploaded with the exchange for the CM segment. We would like to clarify that Mr. Rajeev Ranjan operated this CTCL ID in both the F&O and CM segments. The name of Mr. Pandian Kaleeswaran was uploaded by mistake in the CM segment. This mistake was likely a result of human error, possibly due to incorrect bulk modification files being uploaded to the NSE portal, likely caused by a copy-paste mistake. The error could also have been exacerbated by the challenging circumstances of the COVID-19 pandemic, during which a significant portion of our non-trading staff was working remotely. Additionally, the individual previously responsible for these tasks has since left our organization several years back…."

(c) Subsequently, relevant details regarding registration of Mr. Kaleeswaran Pandian as a sub-broker/AP or dealer id/terminal id were sought from National Stock Exchange of India Limited (hereinafter referred to as '**NSE'**) and BSE Limited (hereinafter referred to as '**BSE'**) vide emails dated May 05, 2025. In this regard, the following response was received:

(i) NSE, vide email dated May 08, 2025, provided details of the terminal id and user id which were assigned to Mr. Kaleeswaran Pandian. The relevant details are tabulated below:

Table 2[1]

Member Name	PACE STOCK BROKING SERVICES PRIVATE LIMITED						BAJAJ FINANCIAL SECURITIES LTD.			
Activation request Submission date	14-Sep-15	04-May-18	04-May-16	04-May-18	03-Nov-17	14-Sep-15	16-Jun-20	21-Dec-19	16-Jun-20	21-Dec-19
Deactivation request Submission Date	10-May-16	20-May-19	04-May-18	26-Apr-22	04-May-18	18-Jun-16	11-Nov-20	12-Oct-20	11-Nov-20	12-Oct-20
Neat User Id	27303	31468	31468	**36434**	**36434**	36512	38704	38704	44381	44381
CTCL Terminal Id	600026875001	201010805001	201010805001	**201010805001**	**201010805001**	600026875001	400101001001	600026001001	400101001001	600026001001
Market Segment	Futures and Options			Capital Market			Futures and Options		Capital Market	
CTCL Login Id	TAMIL90	6126	6126	6126	6126	TAMIL90	APPV0001	APFKPAN1	APPV0001	APFKPAN1
Allotment Date	Sep 14, 2015	May 6, 2018	May 4, 2016	May 6, 2018	Nov 5, 2017	Sep 14, 2015	Jun 16, 2020	Dec 21, 2019	Jun 16, 2020	Dec 21, 2019
Disablement Date	May 11, 2016	May 21, 2019	May 5, 2018	Apr 27, 2022	May 5, 2018	Jun 19, 2016	Nov 12, 2020	Oct 13, 2020	Nov 12, 2020	Oct 13, 2020
State	Tamil Nadu	Uttar Pradesh				Tamil Nadu	Maharashtra	Tamil Nadu	Maharashtra	Tamil Nadu
Approved person name	Mr. Pandian Kaleeswaran									
Date Of Birth	18-Jul-73	18-Jul-73	18-Jul-73	18-Jul-73	18-Jul-73	18-Jul-73	26-Apr-82	26-Apr-82	26-Apr-82	26-Apr-82
PAN No	XXXX									
Certificate Registration No	NISM-201500083281						NISM-201500083281			
Validity Date	11-Sep-18						23-Oct-22			

[1] Certain details excised for privacy.

(ii) BSE, vide email dated May 07, 2025, submitted the following details:

Table 3[2]

Member id	*6706*
Member Name	*Bajaj Financial Securities Limited*
Location Id.	*4001010001001014*
Office Type	*Authorised Person*
Office Address	*XXXX*
Office City	*Mumbai*
Office Area	*Kandivali East*
Phone/Fax No.	*XXXX*
First name	*Kaleeswaran*
Middle name	*XXXX*
Last name	*Pandian*
Relation With	*Authorised Person*
Sebi Reg. No	*AP01670601111856*
Date Of Birth	*XXXX*
Residence Address	*XXXX*
Residence City	*Mumbai*
Activation Date	*2020-06-16*
Deactivation Date	*2020-11-11*
Connection Mode	*Leased Line*
Connection Type	*Non-Internet*
Time Stamp	*2020-06-16 13:52:05.000143*
Email	*XXXX*
Mobile	*XXXX*
PAN No.	*XXXX*
Updated	*2020-11-11*

(d) It is stated in the investigation report (hereinafter referred to as '**IR**') that from the information provided by NSE, it is evident that though Mr. Pandian Kaleeswaran had an active terminal and user id in the cash segment for the period May 04, 2018 to April 26, 2022.

(e) In this background, clarification was sought from the Noticee. Noticee, vide email dated May 20, 2025, made the following submission:

"… Mr. Kaleeswaran Pandian, an Indian citizen based in Chennai, was introduced to our organization in early 2015 by an existing client. He duly completed his KYC process and expressed interest in becoming an Authorised Person (AP) with our firm. As part of that process, he submitted a then-valid NISM certification, a prerequisite for obtaining a dealer ID in the derivatives segment. However, due to certain technical limitations, his AP application was not approved by us, and the process was closed within 2-3 months.

Nature and Impact of the Error

[2]Certain details excised for privacy.

During that period, a clerical error occurred when the back-office staff inadvertently uploaded Mr. Pandian's details against CTCL ID "201010805001" instead of Mr. Rajeev Ranjan's. This mistake remained undetected for several years due to the following reasons:
At the time, neither SEBI nor NSE conducted dealer-wise inspections during their routine onsite visits.
The error did not trigger any system flags, as the trader ID once uploaded to the NSE portal and configured in the Algo trading software did not result in any operational mismatch.
Mr. Rajeev Ranjan continued to trade on the said ID, unaware of the discrepancy, as the software and terminal functioned seamlessly. Mr. Pandian was also unaware of any ID being allotted in his name and had no engagement or involvement with the said trading activities.
We reiterate that this was a clerical copy-paste error without any intent to mislead, as previously discussed with SEBI and NSE officials. It did not result in any operational or financial irregularity, nor did it benefit or disadvantage any party.
Substantiation of Trade Ownership
The entirety of trades executed under CTCL ID "201010805001" in both the Cash Market (CM) and Futures & Options (FO) segments were conducted solely by Mr. Rajeev Ranjan, as clearly illustrated in Annexure-1. The annexure demonstrates a consistent and systematic Cash-Futures arbitrage strategy, involving simultaneous and opposite positions taken in both segments — something only achievable when operated by a single trader on a unified system. In the samples as presented in Annexure-1 you will see that whenever a future contract is sold or purchased an opposite position is taken in the cash segment at about the same second. This can only be possible when both the Cash and Futures ID's are running on the same system, software and operated by the same person.
It would be technically and logistically impossible for such synchronized trades to be executed by two separate individuals operating from different locations or communicating via indirect means such as telephone.
Compliance Note
In light of the above, it is evident that there was no misuse or misrepresentation in terms of trade execution. The sole lapse was an administrative error resulting in the misreporting of the approved user for the CM segment ID, which technically qualifies as a non-compliance under the category:
"Operation of terminals by persons other than the approved user / person as per Exchange records."
We sincerely regret this oversight and confirm that corrective steps have been taken to ensure such errors are not repeated in the future, including enhanced controls and review mechanisms in our back-office processes.…"

(f) Further, Noticee, vide email dated May 31, 2025, forwarded a letter from Mr. Kaleeswaran Pandian. The said letter, *inter alia*, contained the following submission:

"… I became registered client of Pace Stock Broking Services Pvt. Ltd. under the Unique Client Code (UCC) 2TN74706, and had submitted all requisite KYC documents at the time, including my PAN, bank statement, and duly filled account opening form.
I had also expressed interest in becoming an Authorised Person (AP) with the firm and had submitted my then-valid NISM certificate as part of the initial documentation. However, for internal reasons at the intermediary's end, the AP registration process was not completed, and I did not pursue it further. I confirm that I have never received any AP-related commission or remuneration from Pace Stock Broking Services Pvt. Ltd.
Accordingly, I would like to clarify that I have had no involvement or role in any transactions that may have taken place through such an ID, and I respectfully request that I not be associated with any activity that occurred beyond my period of direct interaction with the firm.…"

(g) Furthermore, details of the certifications of Mr. Kaleeswaran Pandian and Mr. Rajeev Ranjan were also sought from NISM. In response, NISM, vide email dated July 30, 2025, submitted the following:

Table 4

Mr. Kaleeswaran Pandian

S. No.	Exam Name	Date of Exam	Valid Up to
1.	NISM-Series-VIII: Equity Derivatives Certification Examination	11-Sep-15	10-Sep-18
2.	NISM-Series-VIII: Equity Derivatives Certification Examination	24-Oct-19	23-Oct-22
3.	NISM-Series-V-A: Mutual Fund Distributors Certification Examination	15-Nov-15	14-Nov-18

Mr. Rajeev Ranjan

Table 5

S. No.	Exam Name	Type	Date of Exam/CPE/ eCPE	Valid From	Valid Up to
1.	NISM-Series-VIII: Equity Derivatives Certification Examination	Exam	11-May-19	11-May-19	10-May-22
2.		eCPE	6-May-22	11-May-22	10-May-25
3.		eCPE	25-Apr-25	11-May-25	10-May-28
4.	NISMS16A-NISM-Series-XVI: Commodity Derivatives Certification Examination	CPE	10-Aug-22	10-Aug-22	9-Aug-25

(h) It is stated in IR that from the information provided by NSE, BSE and NISM, it was observed that despite Mr. Kaleeswaran Pandian not holding a valid NISM certificate, he was allotted terminal IDs and user IDs as dealer associated with Noticee by NSE during the period September 14, 2015 to April 27, 2022. In this period, Noticee used the terminal IDs 600026875001 and 201010805001 with user IDs 27303, 31468, 36434 and 36512, which were allotted to Mr. Kaleeswaran Pandian. Further, Noticee registered, renewed or updated these terminal IDs and user IDs with NSE on four occasions, i.e., on September 14, 2015, May 04, 2016, November 03, 2017 and May 04, 2018. It was also observed in the IR based on Noticee's submission and admission letter of Mr. Kaleeswaran Pandian that Mr. Kaleeswaran Pandian was neither a dealer/approved person of Noticee nor associated with it as dealer/approved person during this period.

(i) Accordingly, it is alleged that credentials (KYC, NISM certificate, etc.) of Mr. Kaleeswaran Pandian were deliberately used by Noticee to obtain trading terminal IDs and user IDs from NSE for its branches located at Chennai and Ghaziabad.

Dealer, Mr. Rajeev Ranjan

(a) With respect to Mr. Rajeev Ranjan, Noticee, vide email dated February 24, 2025, May 20, 2025, and August 14, 2025, confirmed/submitted that Mr. Rajeev Ranjan was the approved person/dealer for user id 31468 for the period from March 2020 to March 2022.

(b) However, it was observed that he was registered with NSE by Noticee as a dealer/approved person only between November 24, 2022 to January 15, 2025. Further, it was observed that the user id 31468 was registered in the name of four other dealers as per the audit trail of user registration details provided by NSE vide email dated August 11, 2025.

(c) In this regard, it is alleged that the submission forwarded by Noticee with respect to dealers for the trades executed vide user id 31468 is incorrect and wrong and thus, Noticee misled the investigation by making a wrong/incorrect submission. Further, it is alleged that Noticee had not maintained the information and log of the user id/dealer properly.

(d) Thus, Noticee is alleged to be in violation of NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019, and regulations 9(b) and 9(f) of the Stock Brokers Regulations read with clauses A(1), A(2), and A(5) of Code of Conduct for Stock Brokers and section 11C(3) of SEBI Act, 1992.

7. Noticee, vide letter dated March 02, 2026 sought inspection of documents the same was granted. Mr. Kushal Shah, authorized representative (hereinafter referred to as '**AR**') of the Noticee conducted an inspection of the documents on March 25, 2026. Pursuant to

the completion of the inspection, Noticee was granted another opportunity to submit its reply by April 10, 2026.

8. Noticee vide email dated March 25, 2026 requested for copies of certain documents. The relevant documents were provided to the Noticee vide email dated April 10, 2026. Thereafter, Noticee was advised to submit its reply by April 14, 2026. In this regard, Noticee, vide emails dated April 14, 2026 and April 25, 2026, requested for further time to submit reply. The requests of the Noticee was acceded to.

9. Thereafter, Noticee, vide email dated May 13, 2026, submitted the following submission:

(a) *Noticee stated that it has maintained all IP addresses in use during the FY 2020 - 2023. The aforesaid is also confirmed by SEBI in the IR. The relevant portion is extracted herein below:*

> *"1.11. ... . PACE being Type III stock brokers has maintained the information of all the IP addresses in use during the FY 2020- 2023, ... "*

(b) *Noticee stated that the instant allegation is limited to the fact that it could not provide the corresponding IP addresses associated/ mapped with specific user id/ dealer/ trader for the respective dates during the investigation for some of the trades.*

(c) *Noticee stated that the allegation regarding its inability to provide the order/ trade connection log information in the prescribed manner is not entirely accurate. Noticee have made diligent and bona fide efforts to furnish all relevant data and records within its possession, in accordance with the applicable regulatory requirements. Noticee have submitted location-wise details of the MAC IDs and IP addresses that were in use at the relevant locations.*

(d) *However, due to certain technical and system-related constraints, including limitations in log retention architecture and format compatibility, Noticee's ability to present the information strictly in the specified format has been limited.*

(e) *It is pertinent to note that storage and preservation of minute details for the relevant period posed considerable challenges which was compounded by the COVID- 19 pandemic.*

(f) *Notwithstanding the above, Noticee ensured that all material particulars, including timestamps, order flow details, and trade execution data, have been duly captured and shared to the extent available, maintaining the integrity and completeness of the information. Noticee remains committed to full transparency and regulatory compliance and are actively taking necessary steps to align its systems and processes with the prescribed standards to avoid any such issues going forward.*

(g) *Noticee reiterated that it commitment to regulatory compliance and transparency and are in the process of upgrading and aligning its systems to ensure strict adherence to the prescribed format of maintaining and submitting such logs going forward.*

(h) Noticee submitted that during the course of investigation, it has submitted all the requisite information as was available with them.

(i) In fact, although the SCN gives inference that Noticee have not been able to provide the order/ trade connection log information in the requisite manner as mandated, however did not mention which are the trades in respect of which, it have not provided the data. The same was requested from SEBI by letter dated March 31, 2026 and in response to the same, SEBI has responded by email dated April 08, 2026. In the said email, it is mentioned that " .... .In addition, the relevant details of the instances where the IP addresses could not be traced and were not provided by Noticee are being sent herewith.". In fact, as aforementioned Noticee gave all the details during the course of investigation as can be seen from the Annexure - 3 of the SCN and in case the said details would have been asked from it specifically, it would have provided the same during the course of Investigation itself.

(j) Therefore, Noticee requested that no adverse inference be drawn against it in this regard.

Submission on the allegation that Noticee used credentials (KYC, NISM certificates, etc.) of Mr. Kaleeswaran Pandian to obtain trading terminal IDs and user IDs from NSE

(a) Noticee denied that credentials of Mr. Kaleeswaran Pandian were deliberately used to obtain trading terminal IDs and user IDs from NSE for its branch located at Chennai and Ghaziabad.

(b) Noticee submitted the background of Mr. Kaleeswaran Pandian as follows:

(i) Mr. Kaleeswaran Pandian is an Indian citizen based in Chennai, was introduced to Noticee by an existing client;

(ii) He duly completed his KYC formalities and expressed interest in becoming an Authorised Person with Noticee. As part of the application process, he submitted a then-valid NISM certification, which is a prerequisite for obtaining a dealer ID in the derivatives segment. However, due to certain technical and procedural limitations, his AP application could not be approved, and the process was accordingly closed within a period of 2-3 months.

(c) Noticee stated that due to certain errors, the back-office staff unintentionally uploaded the details of Mr. Kaleeswaran Pandian against CTCL ID 201010805001. Pertinently, whenever the details of the dealer of a CTCL terminal are uploaded, they are generally copy-pasted from the excel file having details of all the NCFM/NISM certificates. Hence, the name of Mr. Kaleeswaran Pandian inadvertently crept into the record of Noticee.

(d) In fact, since the stock exchange and SEBI did not conduct the dealer wise inspection the said error went undetected. In fact, no error was also flagged by the stock exchange at the relevant point of time or thereafter. It was merely a copy paste mistake and not any type of deliberate attempt as alleged.

(e) Noticee submitted that the said CTCL ID, in fact, was operated by Mr. Rajeev Ranjan across the CM segments after 2020. The mention of Mr. Kaleeswaran Pandian against the said CTCL ID in the CM segment was inadvertent and occurred due to an unintentional clerical error at the time of data upload. Even the details submitted to SEBI during the investigation,

the name of Mr. Rajeev Ranjan was mentioned as the dealer who executed the trades. Additionally, it is clarified that NISM certification required for terminal allotment only in case of Equity Derivative/Currency Derivatives and Commodities Derivatives terminals only and not for Capital Market Segment.

(f) *Pertinently, as per the FAQs of NSE in respect to User IDs it is mentioned that Certification is not required for each user in Capital Market Segment. However, the Corporate Manager and Branch Manager(s) need to possess a valid NCFM Dealer's Module /NISM Series VII certification. Hence, a dealer is not required to have a user ID. Relevant extract of the said FAQs is mentioned herein under:*

> *"3. Is Certification required for each user in Capital Market Segment Certification is not required for each user in Capital Market segment. However, the Corporate Manager and Branch Manager(s) needs to possess a valid NCFM Dealer's Module/NISM Series VII certification."*

(g) *Further, no benefit could have accrued to Noticee directly or indirectly as Mr. Rajeev Ranjan had his own F&O NISM certificate prior to joining Noticee.*

(h) *The discrepancy appears to have arisen on account of a human error while uploading bulk modification files on the NSE portal, possibly due to an inadvertent copy-paste mistake.*

(i) *It is further submitted that the employees who were handling such uploads at the relevant time are no longer associated with the organization, and the error remained undetected until the present observation.*

(j) *It is pertinent to note that Mr. Rajeev Ranjan continued to trade on the said CTCL ID, unaware of the said discrepancy. The said discrepancy did not trigger any system flags as the trader ID once uploaded on the NSE portal and configured in the Algo trading software did not result in any operational mismatch.*

(k) *Further, Mr. Kaleeswaran Pandian was also not aware of any ID being allotted in his name. Additionally, there was no engagement or involvement of Mr. Kaleeswaran Pandian in the trading activities of the Noticee.*

(l) *Noticee stated that there was no deliberate intention to misrepresent or misuse any individual's credentials, and the discrepancy was purely inadvertent in nature. Noticee stated that it remains committed to maintaining the highest standards of compliance and have since strengthened its internal controls and verification mechanisms to prevent recurrence of such recurrences.*

(m) *Noticee never intended to deliberately use the credentials of Mr. Kaleeswaran Pandian to obtain trading terminal IDs and user IDs from NSE. There was never any intention to mislead. Further, the alleged discrepancy did not result in any financial or operational irregularity, nor did it benefit or disadvantage any party.*

(n) *It is also pertinent to note that Mr. Kaleeswaran Pandian has also confirmed that he has never received any AP-related commission or remuneration from the Noticee. Further, he has also stated that he has no involvement or role in any transaction that may have taken place on the said CTCL ID.*

(o) *It is pertinent to mention that a broker creates a CTCL ID for a dealer by submitting a request through the exchange's electronic member portal, such as NSE's ENIT followed by reporting the 12-digit terminal details. This process involves identifying the approved user, registering the terminal, and ensuring compliance with NISM certification requirements. Pertinently, the registration of these terminals are done at the head office and the trades were done from branch office and therefore this inadvertent error went undetected.*

(p) *In fact, during the Investigation Period as mentioned above, Mr. Rajeev Ranjan used to operate the said CTCL terminal (In the CM and the F&O Segment), and he was qualified as can also be seen from Table No. 5 (B) on Page No. 5 of the SCN.*

(q) *Noticee submitted that it is not the case that it used the KYC, NISM, etc. of Mr. Kaleeswaran Pandianand since Mr. Rajeev Ranjan has proper KYC and NISM certifications. However, as clarified herein above, Mr. Kaleeswaran Pandianand's was inadvertently reflected.*

(r) *Therefore, Noticee requested that no adverse inference be drawn against it in this regard.*

<u>Submission on the allegation that the submission forwarded by Noticee with respect to dealers for the trades executed vide user ID 31468 is incorrect and wrong</u>

(a) *Noticee stated that the details furnished by it were provided in good faith, based on the records and information available in its systems at the relevant time. There was no intention whatsoever to furnish any incorrect information or to mislead the investigation. Any discrepancy, if observed, is inadvertent and attributable to limitations in data retrieval, system configurations, or reconciliation challenges, particularly in relation to historical records.*

(b) *It further submitted that Noticee have maintained logs and dealer related information in accordance with its internal policies and prevailing regulatory requirements to the best of its understanding. However, certain gaps or inconsistencies may have arisen due to legacy system constraints, data migration issues, or limitations in log retention and retrieval mechanisms, especially for older data.*

(c) *Without prejudice to the above, Noticee submitted that upon identification of such discrepancies, it has undertaken internal verification and reconciliation exercises to the extent feasible and have provided clarifications and supporting information wherever possible.*

(d) *In respect to the present subject matter, Noticee submitted that:*

    (i) *Mr. Rajeev was the Approved user/ dealer for the user ID 31468 for the period March 2020 to March 2022. However, it was observed that, Mr. Rajeev was registered by Noticee with NSE as a dealer/ Approved user only between November 24, 2022 to January 15, 2025 and further the user ID 31468 was registered in the name of four other dealers as per the Audit Trail of the user registration provided by the NSE.*

    (ii) *Noticee submitted that it is not the case that Mr. Rajeev was registered by it with NSE as a dealer/ Approved user only between November 24, 2022 to January 15, 2025. In fact, Mr, Rajeev was registered as an Approved user with NSE from March 2020 (He was NISM qualified w.e.f. May 2019). As he was NISM qualified w.e.f. May 2019,* *on March 05, 2020 request was submitted to NSE by Noticee with respect to Mr. Rajeev for the NEAT user ID 27270 having CTCL terminal number 201010869008 for the F&O Segment and the same was allotted on that day itself. In fact, he used to sit in the Ghaziabad Branch office of Noticee.*

(iii) *In fact, thereafter, Mr. Rajeev was registered with multiple user IDs including the user ID 31468. (Mr. Rajeev was registered under user ID 31468 after the Investigation Period). Hence, Noticee submitted that it has not given incorrect information since Mr. Rajeev was registered by Pace with NSE since March 2020 (Although under different User ID). This unequivocally explains and proves that Mr. Rajeev was working as an approved user of Noticee since March 2020.*

(iv) *The user ID 31468 was initially inadvertently registered in the name of Mr. Kaleeswaran Pandian and prior to the IP.*

(v) *For the sake of clarity, Noticee submitted that a NEAT user ID is a unique identification number allotted by the NSE to approved users (dealers, branch managers, or corporate managers) of a trading member (broker) to access the NSE's Electronic Automated Trading (NEAT) terminal. A single NEAT user ID can be enabled for multiple CTCL (Computer to Computer Link) IDs, especially when converted to a Non-NEAT Frontend (NNF) or algorithmic trading setup. Members can map one NEAT ID to multiple 12-digit CTCL/NNF terminals.*

(vi) *Hence, Noticee submitted that the registrations of four other dealers cannot be an allegation since they would have been registered with a different CTCL ID.*

(vii) *In view thereof, nothing adverse can be alleged qua Noticee with respect to giving incorrect information as alleged or otherwise.*

(e) Noticee reiterated that there has been no deliberate misrepresentation, or intent to mislead on its part. Noticee is always committed to ensuring its full cooperation to SEBI and to maintaining robust systems for accurate record-keeping and regulatory compliance. Necessary steps have also been initiated to strengthen internal controls and ensure improved data accuracy and traceability going forward.

(f) Noticee denied that it has submitted any incorrect or wrong information and have never tried to mislead the investigation by making wrong/ incorrect submission.

(g) Noticee submitted that it has thousands of CTCL terminals, i.e., more than 2,500 CTCL IDs and several User IDs and therefore a discrepancy in one CTCL ID ought not to be termed as a violation and it was merely a procedural lapse.

(h) Noticee denied that it has violated regulation 9(b) and 9(f) of the Stock Brokers Regulations read with clauses A (1), A (2), and A(S) of Code of Conduct of Stock Brokers, section 11C (3) of SEBI Act and the relevant SEBI, NSE Circulars mentioned in the said SCN. Further, Noticee submitted as under:

(i) It has always abided by the rules, regulations and bye-laws of the stock exchange.

(ii) It has at all times abided by the Code of Conduct as specified in Schedule II.

(iii) As a stock broker, it has always maintained high standards of integrity, promptitude and fairness in conduct of its business.

(iv) As a stock broker, it has acted with due skill, care and diligence in conduct of all our business.
(v) As a stock broker, it has abided by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchanges from time to time.
(vi) All the documents/ information/ data as available, were submitted to the Investigating Authority of SEBI.
(vii) It has always ensured that it is in compliance with the all the applicable NSE Circulars.

(i) Noticee submitted that SEBI and NSE from time to time had conducted inspection and the deficiencies, if any were corrected at that point of time. It submitted that the present minor deficiencies, if any, are procedural in nature for which corrective steps have been taken. Noticee stated that it has thoroughly reviewed its internal systems for our records as well as the details for dealers viz. their user and CTCL IDs. In fact, if the present procedural deficiencies would have been pointed out to it during the Inspection, it would have taken corrective action. Noticee further submitted that there is no allegation that personnel were not authorized to trade/not having proper NISM certification, etc. The AP operating the terminal possessed the mandatory NISM certifications at the time of trading and therefore the issues in respect of mapping of User ID was merely procedural deficiencies. In this regard, Noticee referred to and relied upon the order passed by Hon'ble Tribunal in the matter of Religare Securities Limited v. SEBI.

(j) Further, Noticee relied on the judgment of Akbar Badrudin Badrudin Jiwani v. Collector of Customs, Bombay.

(k) In view of the above, Noticee submitted the following:
(i) Noticee has performed its duties in the best interest of the capital market.
(ii) It has never derived any unfair gain in any manner whatsoever while performing its duties as a stock broker.
(iii) No loss is caused to any person due to our acts and omission, if any.
(iv) It has reviewed all its operations, including the process and procedures followed and wherever required it has taken all remedial and corrective measures so as to ensure that alleged lapses, if any, do not recur.
(v) Noticee stated that alleged lapses, if any, have occurred unintentionally. Further, all corrective measures and necessary steps with respect to the said alleged lapses have been taken.
(vi) The alleged procedural lapses in the context of Noticee's overall scale of operations was very miniscule.
(vii) Violations, if any, are merely technical and venial in nature.

10. An opportunity of hearing was granted to the Noticee on June 10, 2026. Mr. Keyur Shah and Mr. Kushal Shah along with Mr. Pulkit Agarwal, ARs of Noticee attended the hearing

on June 10, 2026. During the hearing, Noticee reiterated its submission dated May 13, 2026. On the request of Noticee, it was granted time until June 22, 2026 to file additional reply. The Noticee, vide email dated June 24, 2026, filed additional submissions wherein it reiterated the submissions made vide reply dated May 13, 2026.

CONSIDERATION OF ISSUES AND FINDINGS

11. The issues that arise for consideration in the instant matter are:
    I. Whether the Noticee failed provide the order/trade connection log information in the requisite manner as mandated and thereby violated SEBI Circular dated November 06, 2013 read with regulations 9(b) and 9(f) of Stock Brokers Regulations and clause A(5) of Code of Conduct for Stock Brokers?
    II. Whether the Noticee allegedly used the credentials (KYC, NISM certificate, etc.) of Mr. Kaleeswaran Pandian to obtain trading terminal IDs and user IDs from NSE and further, submitted incorrect information with respect to the dealer, Mr. Rajeev Ranjan and thereby, violated NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019, and regulations 9(b) and 9(f) of the Stock Brokers Regulations read with clauses A(1), A(2), and A(5) of Code of Conduct for Stock Brokers and section 11C(3) of SEBI Act?
    III. If yes, whether the failure, on the part of the Noticee would attract monetary penalty under sections 15A(a), 15A(c) and 15HB of SEBI Act?
    IV. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of SEBI Act?

12. Before proceeding further, I would like to refer to the relevant provisions[4]:

[4]SEBI Circular dated November 06, 2013 is available on the website of SEBI. Further, NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913,

SEBI Act

"11C. Investigation

… (3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation. …"

Stock Broker Regulations

"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;

…

(f)he shall at all times abide by the Code of Conduct as specified in Schedule II

…

Schedule II

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.…

(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him."

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

I. Whether the Noticee failed provide the order/trade connection log information in the requisite manner as mandated and thereby violated SEBI Circular dated November 06, 2013 read with regulations 9(b) and 9(f) of Stock Brokers Regulations and clause A(5) of Code of Conduct for Stock Brokers?

NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019 are available on the website of NSE.

14. It was alleged in the SCN that the Noticee had failed to provide the corresponding IP addresses associated/mapped with the specific user id/dealer/trader for the respective trades during the investigation.

15. From the material on record, I note that the details, *inter alia,* relating to the IP address of the certain trade were sought from the Noticee vide summon dated December 10, 2024. In response, Noticee, vide reply dated December 12, 2024, highlighted its inability to ascertain the particular IP addresses that were used by each of the traders of that location. The relevant extract of Noticee's reply is provided as under:

    "… 3. However, in compliance to captioned SEBI Summons on the requirement of certain information w.r.t. MAC ID and IP Address of the trade details provided to us, we hereby provide some of the IP Address and MAC ID of the trades that we were able to collate and the same is hereto enclosed and marked as Annexure – 1.
    <u>For the rest of the trades, we are providing location wise details of the MAC ID and IP addresses that were used on the said location as we are unable to ascertain the particular MAC ID/ IP address that were used by each of the traders of that location</u>. …" (Emphasis supplied)

16. Subsequently, the details of IP addresses were again sought via email dated September 18, 2025. In response, Noticee, vide email dated September 20, 2025, submitted as under:

    "… We acknowledge with due respect the receipt of email dated 18th September 2025, wherein the details of the MAC IDs and IP addresses in respect of the captioned matter have been sought.
    We are enclosing herewith as Annexure – 1 the location-wise details of the MAC IDs and IP addresses that were in use at the relevant locations.
    <u>We wish to respectfully submit that, owing to the technical and practical limitations, it is not feasible for us to ascertain and map the specific MAC ID and IP address corresponding to each individual trader.</u> …" (Emphasis supplied)

17. In this context, it is noted that Noticee could not trace the corresponding IP addresses in the 93 instances.

18. At the outset, the Noticee has contended that the requisite details for the aforesaid 93 instances has been furnished as Annexure to its reply. However, it is noted from the perusal of the said Annexure that the said Annexure does not disclose the corresponding

IP addresses for the said 93 instances. Further, I find it pertinent to emphasis that the issue at hand revolves specifically around whether the IP address corresponding to each of the 93 instances was furnished. In the absence of the corresponding IP addresses, the Annexure so adduced neither answers the deficiency pointed out in the SCN nor substantiates the instant submission of the Noticee. Therefore, the Noticee's contention cannot be accepted.

19. The Noticee has further submitted that it would have furnished the IP address details if the same had been specifically sought during the investigation. I note that the material on record shows that SEBI had specifically called for details relating to IP addresses. This is evident from the correspondence exchanged between SEBI and the Noticee on December 10, 2024, December 12, 2024, September 18, 2025 and September 20, 2025, as mentioned in the preceding paragraphs. Moreover, Noticee's replies dated December 12, 2024 and September 20, 2025 clearly demonstrate that it understood the nature of the information sought by SEBI in these correspondences. In its replies, the Noticee stated that it was unable to ascertain and map the specific IP address corresponding to each individual trader. These responses leave no iota of doubt that the Noticee was aware that trade-wise IP address details had been sought in the course of the investigation. In these circumstances, the Noticee cannot contend that the IP address details were not specifically called for during the investigation. Therefore, the instant contention is contrary to the correspondence on record and is accordingly rejected.

20. The Noticee has also contended that it was unable to furnish the information in the specified format due to certain technical and system related constraints. It has further submitted that the COVID-19 pandemic compounded the difficulties in storing and preserving the relevant data. I note that the Noticee has not placed any material on record to elucidate the nature of the alleged technical or system related constraints faced by it during the IP. It has also not demonstrated how these alleged constraints prevented it from maintaining or producing the trader-wise IP address details mandated under the applicable regulatory framework. Here, I note that a bare assertion of technical difficulty

cannot be accepted as a valid justification for non-compliance sans any corroborative document or evidence. Further, the plea of pandemic-related difficulties cannot, by itself, dilute a statutory or regulatory mandate. It is further not in dispute that no exemption or relaxation was provided regarding this compliance requirement during the pandemic period. Therefore, in the absence of any cogent material, the Noticee cannot be absolved of its obligation to maintain and furnish the information in the requisite manner. Therefore, this contention of the Noticee cannot be accepted.

21. The Noticee has contended that the details of the trades for which order/ trade connection log information in the requisite manner was not provided have not been mentioned in the SCN. In this regard, it is a matter of record that the Noticee was unable to provide the IP addresses corresponding to the specific user ID/dealer/trader mapped to the respective trades as mentioned above. As noted in preceding paragraphs, this finding emanates from and is corroborated by the correspondence exchange between SEBI and Noticee during the course of the investigation. It is also not in dispute that the Noticee was privy to and a party to the said correspondence. Moreover, the underlying material relied upon in this regard, which Noticee was already aware of, was furnished to the Noticee in the course of inspection and vide email dated April 08, 2026. Consequently, I find the instant submission of the Noticee bereft of any merit and hence, the same is rejected.

22. In this background, I note that in terms of SEBI Circular dated November 06, 2013, Noticee was mandated to maintain and preserve data relevant to system logs, IP address of the originating systems, mapping of specific user IDs to specific predefined location for proprietary orders, records of control parameters, orders, traders and data emanating from trades executed through algorithmic trading.

23. Further, clause (f) of regulation 9 of the Stock Brokers Regulations prescribes that the registration granted to an entity shall be subject to the condition that such entity shall abide by the Code of Conduct as specified in Schedule II, at all times. The Code of Conduct prescribes that a stock broker shall abide by all the provisions of the Acts, rules,

regulations issued by SEBI. However, in this present case, as noted above, Noticee failed to provide the corresponding IP addresses associated/mapped with the specific user id/dealer/trader for the respective trades executed during IP for the said 93 instances.

24. Therefore, it is established that Noticee has violated SEBI Circular dated November 06, 2013 read with regulations 9(b) and 9(f) of Stock Brokers Regulations and clause A(5) of the Code of Conduct for Stock Brokers.

II. Whether the Noticee allegedly used the credentials (KYC, NISM certificate, etc.) of Mr. Kaleeswaran Pandian to obtain trading terminal IDs and user IDs from NSE and further, it submitted incorrect information with respect to the dealer, Mr. Rajeev Ranjan and thereby, violated NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019, and regulations 9(b) and 9(f) of the Stock Brokers Regulations read with clauses A(1), A(2), and A(5) of Code of Conduct for Stock Brokers and section 11C(3) of SEBI Act?

Allegation *qua* terminal IDs and user IDs allocated to Mr. Pandian Kaleeswaran

25. During the course of investigation, it was observed that Mr. Pandian Kaleeswaran was allocated the terminal IDs 600026875001 and 201010805001 with user IDs 27303, 31468, 36434 and 36512 during the period September 14, 2015 to April 27, 2022. However, it was observed that Mr. Pandian Kaleeswaran was neither a dealer nor an approved person of Noticee during the IP. In this regard, it was alleged that credentials (KYC, NISM certificate, etc.) of Mr. Kaleeswaran Pandian were used by Noticee to obtain trading terminal IDs and user IDs from NSE for its branches located in Chennai and Ghaziabad.

26. It is not disputed that Mr. Pandian Kaleeswaran had active terminals IDs and user IDs with the Noticee for the period September 14, 2015 to April 27, 2022. It is also not in dispute that the details of Mr. Pandian Kaleeswaran were uploaded against CTCL ID 201010805001 which as per Noticee's own admission, was operated by Mr. Rajeev Ranjan.

27. Noticee argued that the mention of Mr. Pandian Kaleeswaran against the CTCL ID operated by Mr. Rajeev Ranjan was on account of unintentional clerical/human error. In this regard, it is admitted that Mr. Pandian Kaleeswaran was allotted terminal IDs including CTCL ID 201010805001 and user IDs as a dealer associated with Noticee by NSE during the period September 14, 2015 to April 27, 2022. It is also not in dispute that the relevant terminal ID 201010805001, which were allotted to Mr. Pandian Kaleeswaran, were not operated by him in the period. It is further noted that Noticee not only registered these terminal IDs and user IDs but also renewed/updated the said terminal ID. The renewal/update of the same details over a prolonged period is inconsistent with the Noticee's plea of a one-time inadvertent clerical or copy-paste error. Even if this anomaly is ignored as a trivial one, the fact remains that terminal IDs and user IDs were not just allocated to Mr. Kaleeswaran Pandian but also renewed and updated in the period from September 14, 2015 to April 27, 2022. Accordingly, I find that the lapse cannot be treated as trivial or merely accidental. Therefore, the present submission lacks merit and hence, is rejected.

28. Noticee also mentioned that the said error remained undetected since the stock exchange and SEBI did not conduct the dealer wise inspection. Here, I note that the primary responsibility to ensure correct mapping of terminals IDs, user IDs and dealers rests with the trading member (i.e., Noticee) and not with the inspecting authority. In this regard, I take note of the NSE Circular bearing no. NSE/INSP/40559 dated March 27, 2019 which, *inter alia,* states that "… *Members should ensure that correct and updated information relating to trading terminal and certification is reported to the Exchange…".* In this context, I note that the very fact that the said discrepancy was not detected in earlier inspections

does not in any manner validate the discrepancy, nor does it dilute the Noticee's independent obligation to maintain accurate and updated records of user IDs, CTCL IDs and approved users/dealers at all times. It has to be borne in mind that an inspection is a supervisory exercise defined by its scope, ambit, sample size, period covered and records examined. The non-identification of the lapse by the regulator or the stock exchange in an earlier inspection cannot be construed as a waiver or condonation of such a lapse. In the present case, the mismatch continued over a prolonged period and the relevant terminal/user IDs were registered, renewed or updated more than once which reinforces the lapse in its compliance and control framework of Noticee. Therefore, the Noticee cannot shift the burden of its own failure by contending that the mismatch was not pointed out earlier in the inspections. Therefore, the contention that the mismatch was not identified during earlier inspections is untenable and cannot absolve the Noticee of its regulatory obligations.

29. Noticee further argued that Mr. Rajeev Ranjan was qualified to operate the trading terminal IDs and user IDs as he was holding a valid NSIM certification at that point in time. In this regard, I take note of NSE's Consolidated Circular on matters relating to User Id request dated April 13, 2017 which states as under:

> *"… b. trading members shall entrust CTCL terminals only to Approved person and not to any unregistered intermediary or clients. For this purpose, the persons who handle each CTCL terminal of the Trading Member are known as Approved Persons. …"*

30. In this background, assuming, *arguendo*, that Mr. Rajeev Ranjan was holding the requisite NISM Certificate, the fact remains that he was not the approved person for the relevant CTCL ID which was specifically allocated to Mr. Pandian Kaleeswaran. In view of the above facts, I do not find any merit in the factual submission of the Noticee.

31. Therefore, I find that the credentials (KYC, NISM certificate, etc.) of Mr. Kaleeswaran Pandian were used by Noticee to obtain trading terminal IDs and user IDs from NSE for its branches located at Chennai and Ghaziabad.

Allegation *qua* submissions made regarding the dealer, Mr. Rajeev Ranjan

32. During the course of investigation, Noticee, vide emails dated February 24, 2025, May 20, 2025, and August 14, 2025, confirmed/submitted that Mr. Rajeev Ranjan was the approved person/dealer for user ID 31468 for the period from March 2020 to March 2022. However, it was observed that he was registered with NSE by Noticee as a dealer/approved person only between November 24, 2022 to January 15, 2025. Further, it was observed that the user ID 31468 was registered in the name of four other dealers as per the audit trail of user registration details provided by NSE vide email dated August 11, 2025. In this regard, it was alleged that the submission forwarded by Noticee with respect to dealers for the trades executed vide user ID 31468 was incorrect and wrong and thus, Noticee misled the investigation by making a wrong/incorrect submission and has not maintained the information and log of the user id/dealer properly.

33. Noticee stated that Mr. Rajeev Ranjan was registered as an approved user of Noticee from March 2020 for multiple user IDs. Further, it submitted that Mr. Rajeev Ranjan was registered for user ID 31468 as well. In this context, Noticee argued that it has not submitted any incorrect information. It is a fact that Noticee, vide email dated February 24, 2025, May 20, 2025, and August 14, 2025, confirmed/submitted that Mr. Rajeev Ranjan was the approved person/dealer for user id 31468 for the period from March 2020 to March 2022. However, from the material on record, including the audit trail submitted by NSE, it is noted that Mr. Rajeev Ranjan was not the approved person/dealer for the user ID 31468 in the period from March 2020 to March 2022. It is rather noted from Noticee's own submission that Mr. Rajeev Ranjan had become the approved person/dealer for the user ID 31468 only post the IP. Therefore, it cannot be said that Noticee had made correct submissions during the investigation.

34. In this regard, I take note of the decision of the Hon'ble SAT in the matter of *DKG Buildcon Pvt. Ltd. v. SEBI*[5] wherein it was held:

[5] Appeal No. 106 of 2006.

"…*It is of utmost importance that <u>every person from whom information is sought should fully co-operate with the investigating officer and promptly produce all documents, records, information as may be necessary for the investigations</u>. If persons are allowed to flout the summons issued to them during the course of the investigations, the Board as the watchdog of the securities market will not be able to perform its duties in protecting the interests of the investors and safeguarding the integrity of the securities market*."

35. From the aforesaid order, it is evident that timely submission of correct information is crucial for the purpose of effective investigation proceedings and any form of non-cooperation by an entity can be detrimental to the interest of investors and securities market. It was the responsibility of Noticee to provide the correct information that was sought and was obligated to cooperate with the IA which it did not do so. In the light of the aforesaid, it is apparent that the failure on the part of Noticee to furnish correct information has to an extent hampered the instant investigation. Thus, the instant contention of the Noticee cannot be accepted.

36. In this background, I find that the information forwarded by Noticee, vide email dated February 24, 2025, May 20, 2025, and August 14, 2025, with respect to the dealer, Mr. Rajeev Ranjan during the course of investigation was incorrect and wrong. Further, I find that Noticee has not maintained the information and log of the user id/dealer properly.

37. Noticee argued that it has at all-time abided by the Code of Conduct as specified in the Stock Brokers Regulations. In this regard, it is noted that in terms of regulations 9(f) of the Stock Brokers Regulations, a registered stock broker is required to abide by the Code of Conduct as specified in Schedule II of the Stock Brokers Regulations. Accordingly, it was incumbent on the Noticee to conduct its business affairs with the highest standards of integrity, promptitude, fairness, and due skill, care, and diligence, and strictly comply with all applicable provisions of the Act, rules, and regulations promulgated by SEBI and the stock exchange. However, as noted in the preceding paragraphs, the conduct of the Noticee falls short of the standard expected from a stock broker. Therefore, this contention of the Noticee lacks merit and hence, is rejected.

38. Considering the aforesaid discussions, I find that the Noticee has violated NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019, and regulations 9 (b) and 9(f) of the Stock Brokers Regulations read with clauses A(1), A(2), and A(5) of Code of Conduct for Stock Brokers and section 11C(3) of SEBI Act.

III. If yes, whether the failure on the part of the Noticee would attract monetary penalty under sections 15A(a), 15A(c) and 15HB of the SEBI Act?

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

39. In the light of findings and observations made against the Noticee brought out in the foregoing paragraphs, it is established that the Noticee has violated SEBI Circular dated November 06, 2013 read with regulations 9(b) and 9(f) of Stock Brokers Regulations and clauses A (1), (2) and (5) of Code of Conduct for Stock Brokers along with NSE Consolidated Circular on matters relating to User Id request dated April 13, 2017 along with NSE Circulars bearing Nos. NSE/MEMB/1591, NSE/MEMB/3445, NSE/MEMB/3574, NSE/MEMB/7400, NSE/MEMB/7913, NSE/MEMB/8607, NSE/MEMB/18215, NSE/MEMB/18216, NSE/MEMB/18699, NSE/MEMB/18918, NSE/INSP/40559 dated March 27, 2019, and section 11C(3) of SEBI Act.

40. The Noticee has contended that it maintains more than 2500 CTCL IDs and several User IDs and hence, a discrepancy in one CTCL ID ought not to be treated as a violation. I note that the scale of operations cannot be a ground to dilute a specific regulatory obligation. It is relevant to point out that a stock broker handling a large number of CTCL

IDs is expected to have stronger checks and controls. In the case at hand, the material on record shows that the relevant terminal IDs and user IDs were not only registered in the name of Mr. Pandian Kaleeswaran but were also renewed or updated on more than one occasion. Further, as noted above, it is established that the discrepancies had continued for a prolonged period of time, i.e., from September 14, 2015 until April 27, 2022. Adding to that, the repeated renewal or updating of the terminal IDs and user IDs which, as per Noticee was inadvertently registered, shows that the Noticee failed to detect and correct the mismatch despite having multiple opportunities to do so. These lapses clearly point towards deficiencies in the internal monitoring system of the Noticee. In these circumstances, the violations as established in preceding paragraphs cannot be characterised as a mere procedural or technical lapse. Therefore, the Noticee's contention is rejected.

41. Noticee relied on the judgment of *Akbar Badrudin Badrudin Jiwani v. Collector of Customs, Bombay*[6] to contend that imposition of penalty requires establishment of mens rea. In this regard, I would also like to refer to the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI v. Shriram Mutual Fund*[7] wherein Hon'ble Supreme Court of India, while dealing with the violation of its respective governing Regulations by a market intermediary, held 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 have made by the defaulter with guilty intention or not*….'' Further, I note that the judgment of *Akbar Badrudin Badrudin Jiwani* is inapplicable in the present case as it concerns Customs Act. Therefore, the instant matter is factually and legally distinguishable from the said judgment and consequently, the contention of the Noticee cannot be accepted.

[6] (1990) 2 SCC 203.
[7] [2006] 68 SCL 216 (SC).

42. I note that the Noticee contended that the purpose of inspection is not punitive and not every infraction calls for the initiation of adjudication proceedings. In this regard, Noticee has placed reliance on the matter of *Religare Securities Limited v. SEBI*[8]. At the outset, I note that the instant proceedings do not arise out of inspection of Noticee. Consequently, the legal principles avowed in the *Religare Securities Limited* are not applicable to the facts of the present case. Further, it is pertinent to note that Hon'ble SAT in the matter of *Religare Securities Limited* has held that "…. *This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent…".* As noted above, the violations committed by the Noticee cannot be considered mere technical breaches. Accordingly, I note that the submission of the Noticee lacks merit and hence, cannot be accepted.

43. The aforesaid violations, makes the Noticee liable for penalty under sections 15A(a), 15A(c) and 15HB of the SEBI Act. The text of the above referred sections 15A(a), 15A(c) and 15HB of SEBI Act is reproduced herein below:

SEBI Act

"15A. Penalty for failure to furnish information, return, etc.

If any person, who is required under this Act or any rules or regulations made thereunder,—

(a) to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

…

(c) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees."

"15HB.Penalty for contravention where no separate penalty has been provided.

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,

[8] Appeal No. 23 of 2011.

shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."

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

SEBI Act

"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."

45. In this case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of non-compliance to the provisions is not available. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of violations by the Noticee. As regards the repetitive nature of the default, it is noted that following action have been taken by SEBI with respect to Noticee:

Table 6

Sr. No.	Case Name	Penalty/Sanction
1.	Interim Order in the matter of RRP Semiconductor Limited dated April 10, 2026	Direction under section 11B of SEBI Act including disgorgement.
2.	In the matter of NSE Co-Location dated April 29, 2022	Rs. 6,00,000/- (Rupees Six Lakh)
3.	Pace Stock Broking Services Private Limited	Administrative warning

46. I have taken note of the submission of Noticee that it has undertaken corrective steps.

47. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

48. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act and 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 the following monetary penalty on Noticee, viz., Pace Stock Broking Services Private Limited under referred sections 15A(a), 15A(c) and 15HB of SEBI Act of SEBI Act:

Table 7

Charging Provision	**Penalty (in Rs.)**
Section 15A(a) of the SEBI Act	Rs. 1,00,000/- (Rupees One Lakh)
Section 15A(b) of the SEBI Act	Rs. 1,00,000/- (Rupees One Lakh)
Section 15HB of the SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh)
Total	**Rs. 4,00,000/- (Rupees Four Lakh)**

49. The said penalty is commensurate with the lapses/omissions on the part of Noticee.

50. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through the 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.

51. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and also to SEBI.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2026.07.22 15:29:34 +05'30'

Date : July 22, 2026
Place: Mumbai

JAI SEBASTIAN
ADJUDICATING OFFICER