

Investment Advisers related

SEBI Orders Compilation & Analysis

Report 2023 – 2024



Knowledge Partner:
Sanjay Kadel & Co.

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Report 2023 – 2024

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Presented by ARIA | Knowledge Partner - Sanjay Kadel & Co.

INTRODUCTION & BACKGROUND

The Securities and Exchange Board of India (SEBI) has passed various Orders on issues and cases related to Investment Advisers (IAs) during the period from April 2023 to March 2024.

As part of its advocacy efforts, the Association of Registered Investment Advisers (ARIA) is representing to SEBI with certain observations on the issues faced by the IA profession and provide recommendations to resolve them, also keeping in mind the issues faced by the regulator from unscrupulous actors and unfair practices in the IA profession.

Towards this initiative, this report presents the compilation and analysis of SEBI Orders related to IAs for the specified period.



LISTING METHODOLOGY

Search ▼

Search by Title, Keywords, Entity Name Date: DD-MM-YYYY To DD-MM-YYYY -- All Department --

-- All Sub Section -- GO Reset Advance Search

→ The Search facility available on SEBI’s portal was used for the listing purposes, for the Orders passed during the period from April 2023 to March 2024.

→ The departments was selected as ‘all’ and sub-sections was selected as ‘all’ to not miss any instance of Order related to Investment advisers.

→ Search listing-1: The keywords “adviser” and “advisor” were used separately to gather the list of matched records.

→ Search listing-2: Without using any keywords, all the Orders passed during the specified period were deep-searched to gather further list of records, which might have been missed in search listing-1.

Overall, the consolidated listing based on search listing-1 and 2, for the period 2023 – 2024 resulted in 421 records.



RELEVANT LISTING DRILL-DOWN

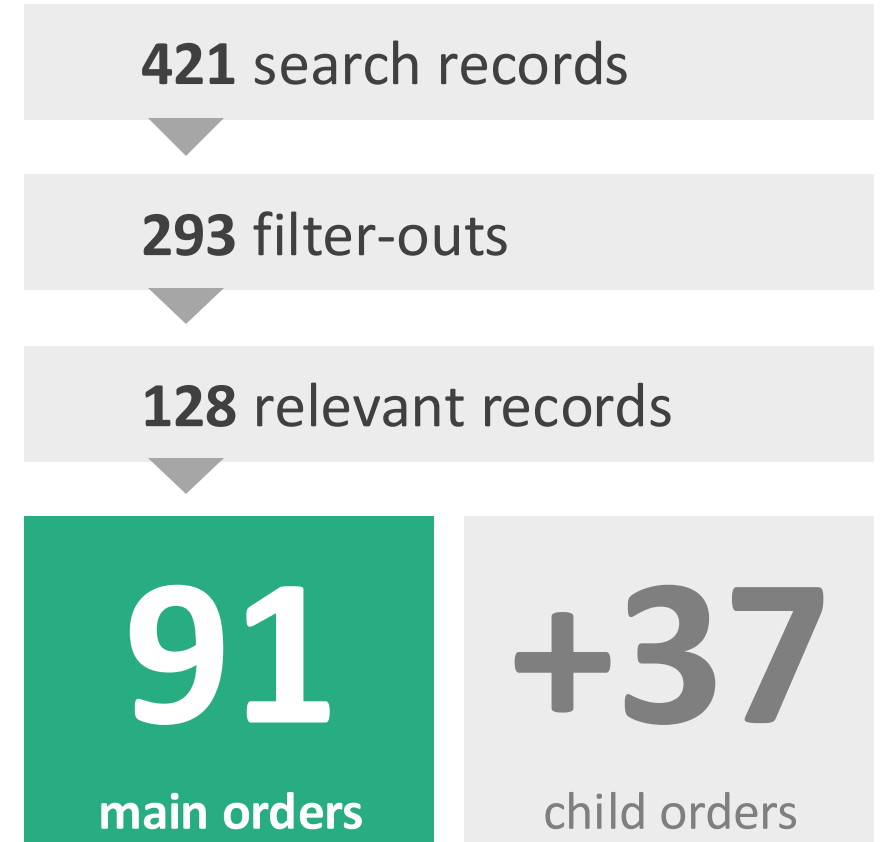
Out of the 421 listed records as per the search criterias, 293 were filtered-out due to following reasons:

- The particular record is just a Notice and not an Order.
- It is just an Informal guidance and not an Order.
- It is just in the SCN stage and not an Order.
- The order is not related to Investment advisory.

Out of the remaining 128 relevant records, grouping of related Orders was done and 91 unique main Orders resulted.

Balance, 37 are just the supporting records / Orders connected with the 91 main Orders.

Refer Annexure-1 containing 91 Orders listing with SEBI portal link to access the Order copy.



COMPILATION METHODOLOGY

While the compilation was attempted, it is understood that some aspects like Issue date, Registration status, Entity City/State (i.e. data points) will be **1 per Order** and certain other aspects like contravention provisions, services involved, discovery details (i.e. data points) will be **multiple per Order**.

Hence, to address this, module-wise compilation was taken-up, in the following manner.

Following 8 modules of compilation with overall 80+ fields, were covered in the analysis as follows:

1. Basic details
2. Order provisions
3. Contraventions provisions
4. Decisions/ Actions provisions
5. Services involved
6. Investment products involved
7. Discovery details
8. Defaulters details

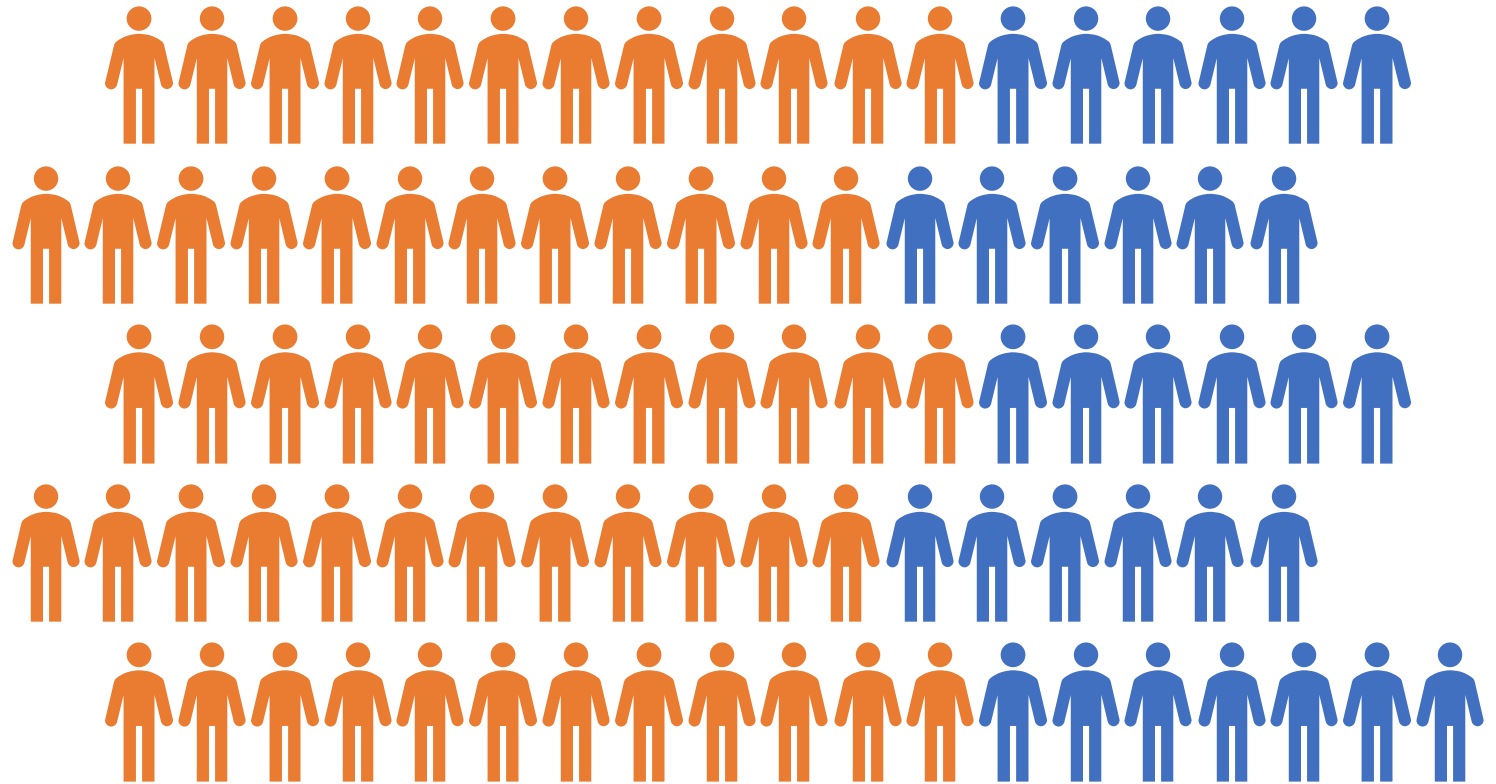


ANALYSIS OF REGISTRATION STATUS

In the 91 main Orders,

- 60 Orders (66%) were Unregistered, and
- 31 Orders (34%) were Registered.

In subsequent analysis observations, the splicing between Registered and Unregistered cases is maintained, wherever possible.



60 OUT OF 91
were unregistered

31 OUT OF 91
were registered

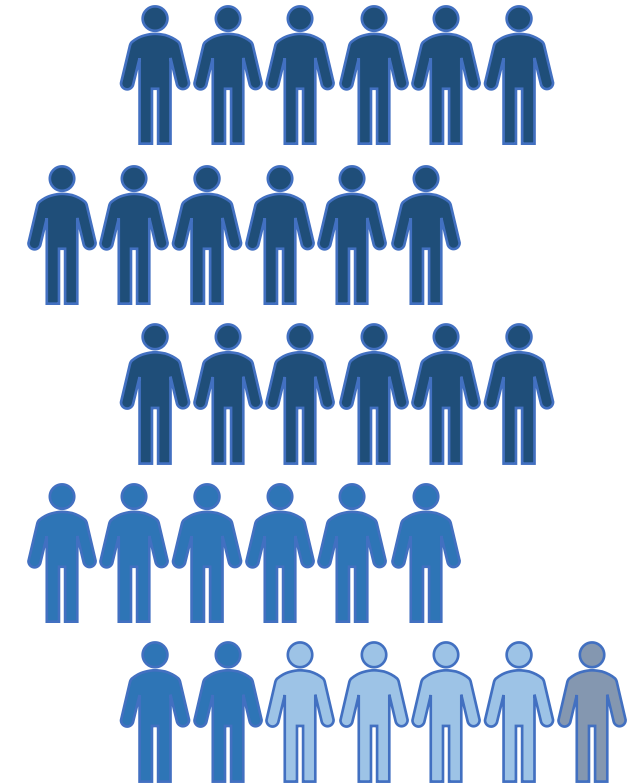


ANALYSIS OF ENTITY-TYPE

for Orders against Registered Entities

In the 31 Orders for registered entities,

- Proprietorship — 18 Orders out of 31 (58%)
- Companies — 8 Orders out of 31 (26%)
- Individuals — 4 Orders out of 31 (13%)
- Partnership Firm — 1 Order out of 31 (3%)

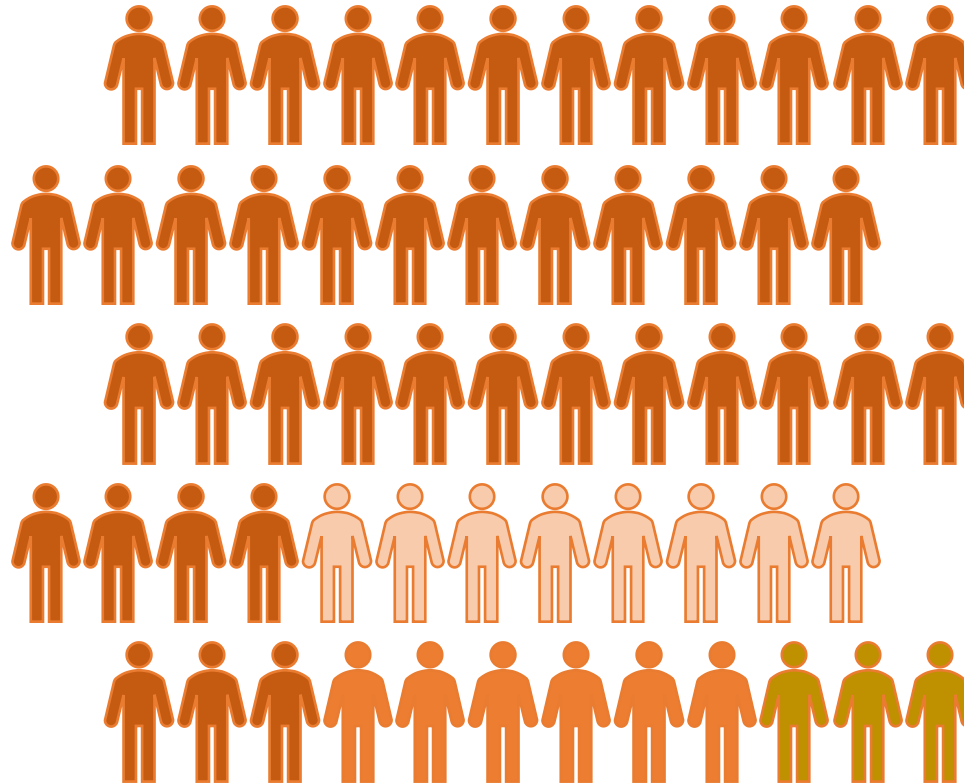


ANALYSIS OF ENTITY-TYPE

for Orders against Unregistered Entities

In the 60 Orders for unregistered entities,

- Proprietorship — 43 out of 60 (72%)
- Partnership Firm — 8 out of 60 (13%)
- Companies — 6 out of 60 (10%)
- Individuals — 3 out of 60 (5%)

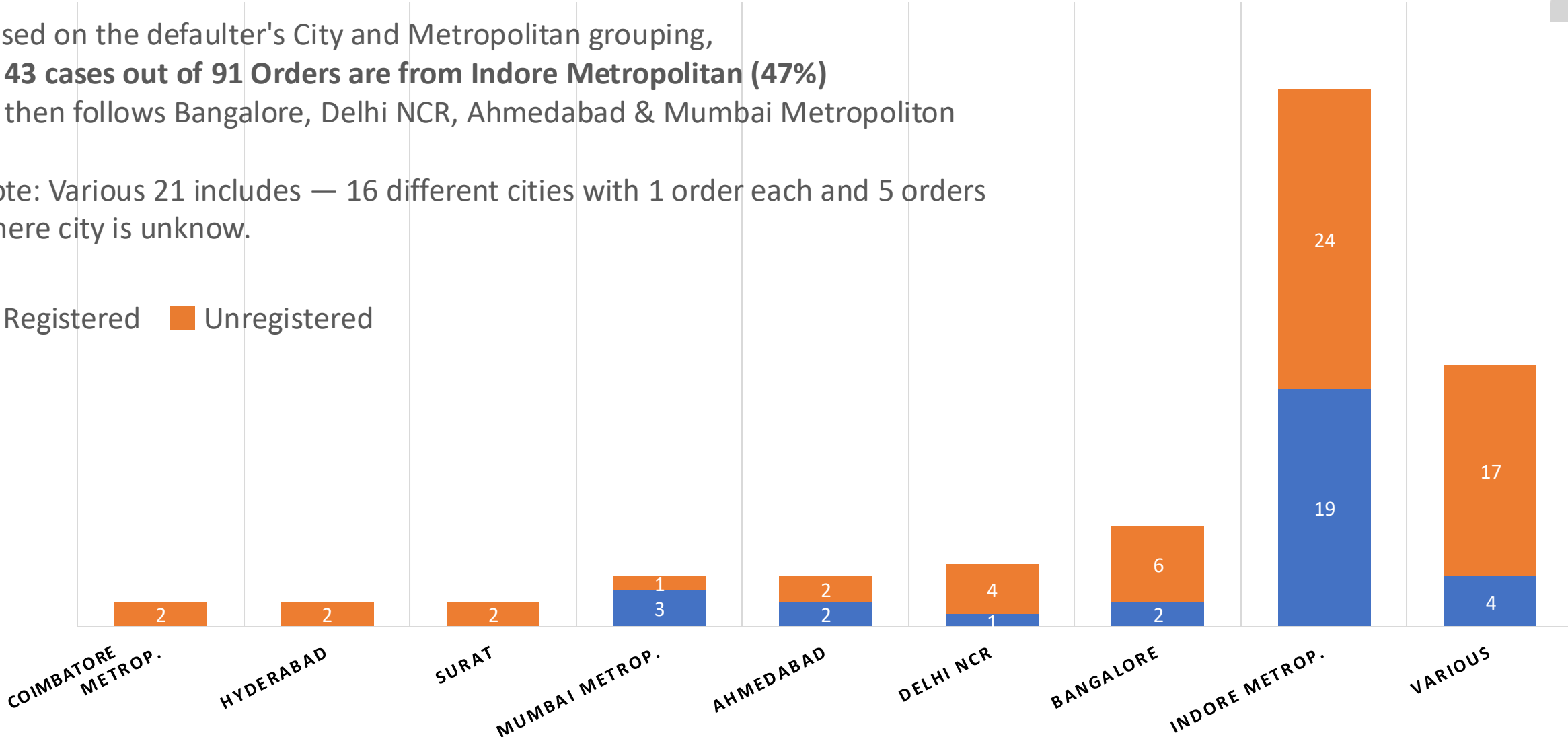


ANALYSIS OF DEFAULTER CITY

Based on the defaulter's City and Metropolitan grouping,
 — **43 cases out of 91 Orders are from Indore Metropolitan (47%)**
 — then follows Bangalore, Delhi NCR, Ahmedabad & Mumbai Metropolitan

Note: Various 21 includes — 16 different cities with 1 order each and 5 orders where city is unknow.

Registered Unregistered

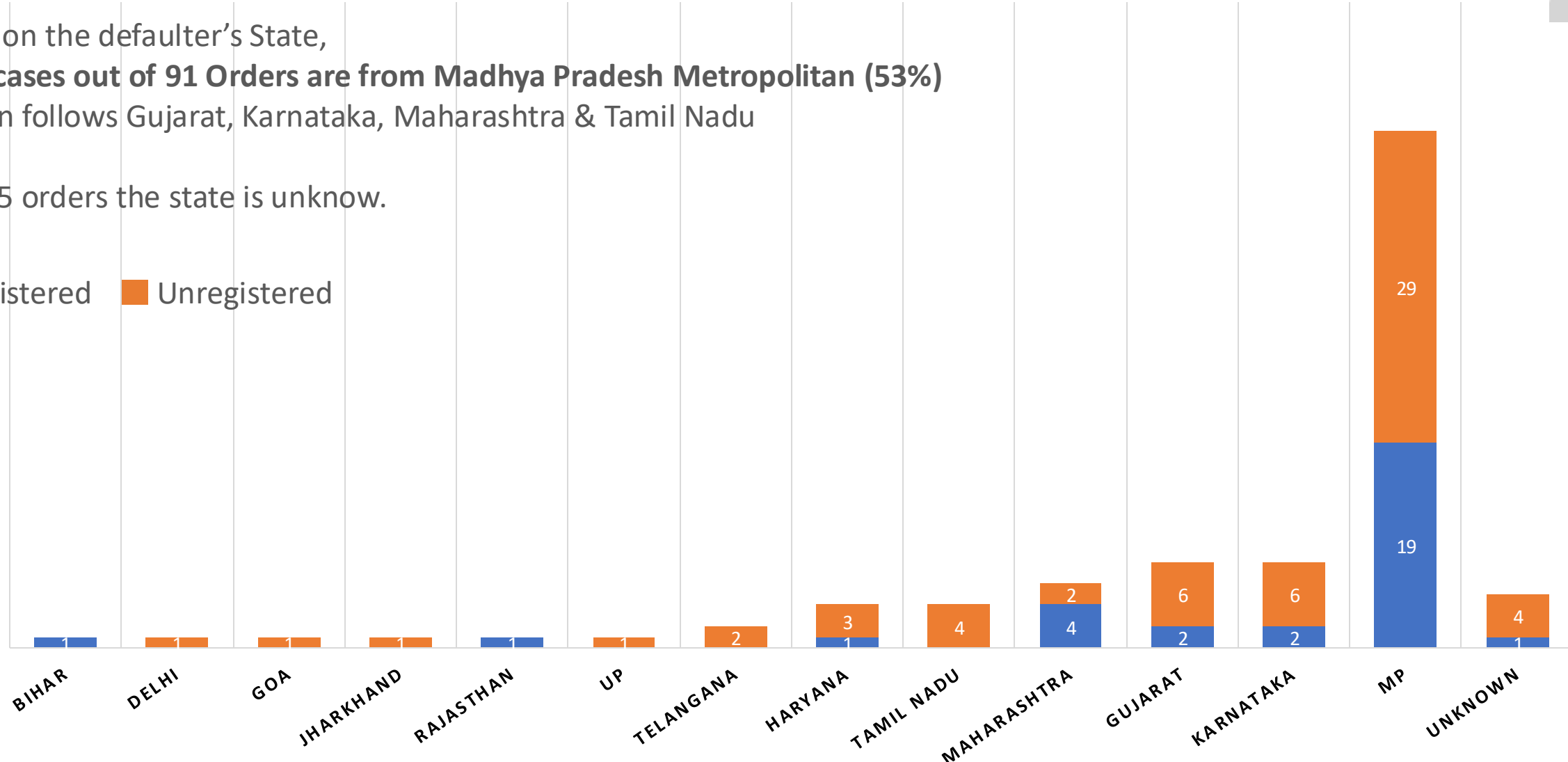


ANALYSIS OF DEFAULTER STATE

Based on the defaulter's State,
 — 48 cases out of 91 Orders are from Madhya Pradesh Metropolitan (53%)
 — then follows Gujarat, Karnataka, Maharashtra & Tamil Nadu

Note: 5 orders the state is unknow.

Registered Unregistered



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

Overall categories of violations observed:

1. Risk profiling & Suitability Issues (19)
2. Fees Issues (18)
3. Qualification / Experience / Certification Issues (17)
4. Assured returns / Fraudulent misrepresentation (14)
5. Complaints redressal Issues (13)
6. Details not submitted to SEBI (13)
7. Material information / changes not intimated (11)
8. Records maintenance Issues (7)
9. Display / Disclosure Issues (6)
10. KYC Issues (5)
11. Segregation Issues (5)
12. Agreements Issues (4)
13. Fit and proper Issues (4)
14. Unregistered Entities involved/used (4)
15. Naming convention Issues (2)
16. Networth Issues (2)
17. PMLA Issues (2)
18. Audit Issues (1)
19. Confidentiality Issues (1)
20. PO / CO Issues (1)
21. Registration Issues (1)



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

Abbreviations used:

- IAR: SEBI (Investment Advisers) Regulations, 2013
- SA: SEBI Act, 1992
- PF: SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003
- Cir 2020: SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/182 dt. September 23, 2020 — Guidelines
- Cir-OIAE/2014: SEBI Circular No. CIR/OIAE/1/2014 dt. December 18, 2014
- Cir 0686 (2021): SEBI Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 dt. December 13, 2021
- Cir-MIRSD/3/2014: SEBI Circular No. CIR/MIRSD/3/2014 dt. August 28, 2014
- Cir-PMLA: SEBI Circular on Prohibition of Money Laundering and Combating Financing of Terrorism
- RAR: SEBI (Research Analysts) Regulations, 2014



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

I. Risk profiling & Suitability Issues – 19 Orders out of 31 (61%)

Provisions violated:

Cir 2020 Para2(viii), IAR 15(1), IAR 15(9), IAR 16, IAR 17, IAR 19, IAR Sch3(1), IAR Sch3(2), IAR Sch3(3), IAR Sch3(4), IAR Sch3(5), IAR Sch3(6), IAR Sch3(8), PF 2(1)(c), PF 3(a)-(d), PF 4(1), PF 4(2)(o), PF 4(2)(s), SA 12A

Particulars of violations:

Risk profiling process related:

1. Risk profiling / Risk assessment — procedure / methodology / mechanism not available/not proper.

Risk profiling implementation related:

2. Risk profiling done over phone
3. Risk profiling done without supporting documents
4. Risk profiling not done for few clients
5. Risk profiling evidences not maintained

6. Creating / Fabricating risk profiling forms
7. Manipulating the risk profile submitted by client
8. Investment objective not obtained

Risk profiling changes related:

9. Risk profiles revised within short time leading to high risk products sold
10. Changing Risk profile form multiple times arbitrarily
11. Classifying low risk clients to high risk to sell unsuitable products



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

I. Risk profiling & Suitability Issues – 19 Orders out of 31 (61%)

Particulars of violations: Contd.

Risk profiling communication related:

- 12. Risk profiling not communicated
- 13. Risk profile acceptance / confirmation / acknowledgement not obtained
- 14. IA services started without confirmation of client on risk profile
- 15. Signature not obtained on the Risk profile

Risk profiling questions related:

- 16. Risk profiling questions are vague and misleading
- 17. Risk profiling questions have leading questions e.g. high risk high returns
- 18. Risk profiling questions have inappropriate weights

Risk categorisation related:

- 19. Risk evaluation / categorization is recklessly done
- 20. Risk profiling questions are leading to high risk categorization
- 21. Faulty Risk profiling - Aggressive categories for low risk score

Suitability process related:

- 22. Lack of procedure / mechanism to ensure suitability / for selecting investments

Suitability assessment implementation related:

- 23. Suitability assessment not done
- 24. Records of suitability assessment not maintained
- 25. Sold IA services and collected fees before KYC, Risk Profiling and Suitability assessment
- 26. Suitability not communicated



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

I. Risk profiling & Suitability Issues – 19 Orders out of 31 (61%)

Particulars of violations: Contd.

Mis-selling of services:

- 27. High risk and complex products like BTST / Futures / Commodity advised
- 28. High risk products/services like Intraday / Options sold to low/medium risk clients
- 29. High risk services to moderate risk clients and very young/very old aged clients
- 30. Sold HNI services to non-HNI Clients
- 31. Sales of services not suitable to risk profile, financial situation, investment objectives, time horizon
- 32. Sale of services without considering Investment amount, gross annual income
- 33. Advisory for Cash segment provided to clients
- 34. IA services sold not commensurate with risk profile
- 35. Mis-selling of products/services i.e. not in accordance with risk profile
- 36. Services sold without regard to suitability & risk assessment of client
- 37. Mere Suitability Declaration - No proper risk profiling and suitability assessment



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

II. Fees Issues – 18 Orders out of 31 (58%)

Provisions violated:

Cir 2020 Para 2(iii), IAR 15(1), IAR 15(2), IAR 15(9), IAR 15A, IAR 17, IAR Sch3(1), IAR Sch3(2), IAR Sch3(3), IAR Sch3(5), IAR Sch3(6), IAR Sch3(8), PF 2(1)(c), PF 3(a)-(d), PF 4(2)(o), PF 4(2)(s), SA 12A

Particulars of violations:

Fees related:

1. Fees not fair / not reasonable / exorbitant / arbitrary
2. Splitting of payment receipts to hide exorbitant fees
3. Fees charged more than maximum permitted / agreed amount / annual income / investment amount
4. Fees not commensurate with services rendered
5. Fees charged even before communicating Risk
6. Fees obtained in advance more than 6 months
7. Levy of additional charges
8. Misrepresenting the fee structure
9. Not disclosing refund policy
10. Threaten to forfeit profit
11. Trapped clients by initially small fees, then additional sales of different services/packages.
12. Not responding to client queries for fees



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

II. Fees Issues – 18 Orders out of 31 (58%)

Particulars of violations: Contd.

Services related:

- 13. Sold multiple IA services – to same client / in short span /
- 14. Sold same advisory services with overlapping tenures / multiple fees collected
- 15. Selling unsuitable IA services to client
- 16. Failed to provide services after receipt of fees until additional payment was made

- 17. Services tenure not specified / lack of transparency
- 18. Charging GST even after cancellation of GST registration



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

III. Qualification / Experience / Certification Issues – 17 Orders out of 31 (55%)

Provisions violated:

IAR 6(b), IAR 6(c), IAR 6(f), IAR 7, IAR 13(a), IAR 15(3), IAR 15(9), IAR 15(13), IAR 25(1), IAR Sch3(1), IAR Sch3(2), IAR Sch3(3), IAR Sch3(8)

Particulars of violations:

1. NISM certification expired
2. PAIA / Sales executives / IA reps – not qualified/experienced/certified
3. Principal Officer not qualified
4. Submitted fake experience certificate at the time of registration
5. Education qualification proofs of Employees not provided



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

IV. Assured returns / Fraudulent misrepresentation – 14 Orders out of 31 (45%)

Provisions violated:

IAR 13(a), IAR 15(1), IAR 15(9), IAR Sch3(1), IAR Sch3(2), IAR Sch3(3), IAR Sch3(5), IAR Sch3(8), PF 2(1)(c), PF 3(a)-(d), PF 4(1), PF 4(2)(k), PF 4(2)(s), SA 12A

Particulars of violations:

1. Promising assured returns / unrealistic returns / high returns / guaranteed returns / profits / loss recovery / target returns / windfall gains
2. Guaranteed performance claims / false claims
3. Fake client testimonials
4. Fake employee names & designations
5. Sale of multiple products & services
6. Fake experience certificate for obtaining registration
7. Display of false employees qualifications
8. Concealing material facts of risk involved
9. Deceitfully mobilizing money and creating fake portfolio of client showing profit



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

V. Complaints redressal Issues – 13 Orders out of 31 (42%)

Provisions violated:

Cir-OIAE/2014, IAR 6(f), IAR 13(a), IAR 15(1), IAR 15(9), IAR 21, IAR 28(f), IAR Sch3(1), IAR Sch3(2), IAR Sch3(8)

Particulars of violations:

1. Delayed resolution of complaints beyond 30 days
2. Action Taken Report (ATR) not submitted
3. Forced complainants to withdraw



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

VI. Details not submitted to SEBI – 13 Orders out of 31 (42%)

Provisions violated:

IAR 13(a), IAR 13(b), IAR 15(12), IAR 15(9), IAR 24(3), IAR 25(1), IAR 25(2), IAR 25(3), IAR 28, IAR 28(e), IAR Sch3(1), IAR Sch3(2), IAR Sch3(8), PF 2(1)(c)

Particulars of violations:

1. Details / Information not submitted to SEBI for Inspection
2. System not provided to SEBI for Inspection
3. Details / Information not submitted to SEBI as required in Interim Order
4. Failure to cooperate with inspection team
5. False Information submitted during Inspection
6. IA not traceable / not presenting self before the Inspecting Authority



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

VII. Material information / changes not intimated – 11 Orders out of 31 (35%)

Provisions violated:

IAR 13(a), IAR 13(b), IAR 15(9), IAR 28(a), IAR 28(b), IAR Sch3(1), IAR Sch3(8), IAR Sch3(9), PF 2(1)(c), PF 3(a)-(d), SA 12A

Particulars of violations:

Office related:

1. Material changes (Office Closure) not informed to SEBI
2. Material changes (Change in Address) not informed to SEBI
3. Additional office infrastructure (space) not informed to SEBI
4. Operating deliberately from office other than registered address
5. No information to SEBI about ceasing operations and not using registered premises

6. Material changes not informed to SEBI (Registered office not available)

Registration related:

7. Concealing existing IA registration while applying for new one
8. Concealing critical information of being already engaged in unregistered investment advisory activities through partnership firm
9. False Submission for taking registration / Failed to be Fit and proper



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

VII. Material information / changes not intimated – 11 Orders out of 31 (35%)

Particulars of violations: Contd.

Officers related:

- 10. Material changes (Directorship) not informed to SEBI
- 11. Failure to inform SEBI material change (PAIA changes)

Others:

- 12. Material information not submitted (Company incorporated by Individual RIA for IA services)
- 13. FIR Information and seizure of documents not informed to SEBI



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

VIII. Records maintenance Issues – 7 Orders out of 31 (23%)

Provisions violated:

IAR 15(9), IAR 19(1), IAR 19(2), IAR Sch3(1), IAR Sch3(2), IAR Sch3(8)

Particulars of violations:

1. Client master not complete (Advice details, KYC & Fees details not mentioned)
2. Signed rationale not maintained
3. Records of Investment advice rendered not maintained (Messages, voice recording)
4. Telephonic records not maintained in case of oral advice
5. e-records requiring sign are not digitally signed – just signature image is used
6. Failure to maintain records (Product details, KYC, Invoices, Risk profiling, Communication of Risk profiles, Suitability assessment, Email Messages, voice recordings)
7. Data lost in server crash without any backups



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

IX. Display / Disclosure Issues – 6 Orders out of 31 (19%)

Provisions violated:

Cir 0686 (2021), Cir-MIRSD/3/2014, IAR 15(3), IAR 15(4), IAR 15(9), IAR 18(1), IAR 18(2), IAR 18(4), IAR 18(6), IAR Sch3(1), IAR Sch3(2), IAR Sch3(3), IAR Sch3(5), IAR sch3(7), IAR Sch3(8), IAR Sch3(9), RAR 3(1)

Particulars of violations:

1. Material information not disclosed about RIA
2. Affiliations, Holdings, Positions not disclosed to clients
3. Key features, performance / track record not maintained / not disclosed to clients
4. Details of Other activities (employment at broking firm) not disclosed to clients
5. Information of ceasing operations not displayed on website
6. Compliance Officer details not displayed in Registered Office
7. Complaints details / statistics not disclosed
8. Displaying incorrect information on website (Research reports/RA services)



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

X. KYC Issues – 5 Orders out of 31 (16%)

Provisions violated:

Cir 2020 Para 2(i), Cir-23/2011 Para3, IAR 15(8), IAR 15(9), IAR 22(5), IAR Sch3(2), IAR Sch3(8), IAR Sch3(9)

Particulars of violations:

1. KYC not obtained from clients
2. PAN details not available for many clients
3. Not obtained CDSL / NDML KYC KRA Registration
4. Not obtained CKYC Registration
5. Failed to furnish KYC process as specified by SEBI



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XI. Segregation Issues – 5 Orders out of 31 (16%)

Provisions violated:

IAR 13(a), IAR 15(1), IAR 15(3), IAR 15(9), IAR 22, IAR Sch3(1)

Particulars of violations:

1. Common Bank Account for IA & other business.
2. Common Team for IA & other business.
3. Trading on behalf of the Client – Execution services – Not maintained arms-length.



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XII. Agreements Issues – 4 Orders out of 31 (13%)

Provisions violated:

IAR 19(1)(d), IAR Sch3(8), Cir 2020 Para2(ii)

Particulars of violations:

1. Authenticated copies of Client agreements not maintained.
2. Failure to execute Agreement before providing IA services and receiving fees.
3. Agreement format not proper – Prescribed 1st page details in 2nd page.



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XIII. Fit and proper Issues – 4 Orders out of 31 (13%)

Provisions violated:

IAR 6(f)

Particulars of violations:

1. Criminal charges against the authorized person
2. Directors not fit and proper due to unethical practices of faking Networth
3. Concealed connection to husband against whom SEBI passed order earlier
4. Concealing critical information of being already engaged in unregistered investment advisory activities through partnership firm



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XIV. Unregistered Entities involved/used – 4 Orders out of 31 (13%)

Provisions violated:

IAR 3(1), SA 12(1), RAR 3(1), IAR 6(f), IAR 13(a), IAR 15(1), IAR 15(9), IAR Sch3(1), IAR Sch3(2), IAR Sch3(5), IAR Sch3(8), IAR Sch3(9), SA 12A(a)-(c), PF 2(1)(c), PF 3(a)-(d), PF 4(2)(o), PF 4(2)(s)

Particulars of violations:

1. Colluding with unregistered entities for providing IA services & receiving payments there.
2. RIA is in the name of wife but services are provided by husband.
3. Unregistered IA services by colluding entity
4. Providing unregistered IA services from Partnership firm
5. Selling Research Reports without RA registration



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XV. Naming convention Issues – 2 Orders out of 31 (6%)

Provisions violated:

IAR 13(a), IAR 13(c), IAR 13(d), IAR Sch3(8), IAR Sch3(9)

Particulars of violations:

1. Not used the term “Investment adviser” in every correspondence
2. Words “Investment Advisor” not included in the name



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XVI. Networth Issues – 2 Orders out of 31 (6%)

Provisions violated: IAR 6(e), IAR 8(1), IAR 13(a), IAR 15(9), IAR Sch3(8)

Particulars of violations:

1. Minimum Networth not maintained

XVII. PMLA Issues – 2 Orders out of 31 (6%)

Provisions violated: Cir-PMLA

Particulars of violations:

1. Principal officer not appointed / not informed to FIU
2. PMLA training evidence not available (Attendance sheet, Materials distributed, etc.)



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XVIII. Audit Issues – 1 Order out of 31 (3%)

Provisions violated: IAR 19(3)

Particulars of violations:

1. Failure to furnish the Audit Report

XIX. Confidentiality Issues – 1 Order out of 31 (3%)

Provisions violated: IAR 15(6), IAR 15(9), IAR Sch3(4)

Particulars of violations:

1. Client details shared (SCORES data) to Consultant without formal agreement



ANALYSIS OF CONTRAVENTIONS

for Orders against Registered Entities

XX. PO / CO Issues – 1 Order out of 31 (3%)

Provisions violated: IAR 15(9), IAR 20, IAR Sch3(8)

Particulars of violations:

1. Compliance officer not appointed

XXI. Registration Issues – 1 Order out of 31 (3%)

Provisions violated: IAR 6(n)

Particulars of violations:

1. Membership of BASL not obtained



ANALYSIS OF CONTRAVENTIONS

for Orders against Unregistered Entities

Overall categories of violations observed:

1. Unregistered IA services (60)
2. Fraudulent misrepresentation (10)



ANALYSIS OF CONTRAVENTIONS

for Orders against Unregistered Entities

I. Unregistered IA services – 60 Orders out of 60 (100%)

Provisions violated: SA 12(1), IAR 3(1)

II. Fraudulent misrepresentation – 10 Orders out of 60 (17%)

Provisions violated: PF 3(a)-(d), PF 4(1), PF 4(2)(k), PF 4(2)(r), PF 4(2)(s), SA 12A

Particulars of violations:

1. Disseminating false and misleading information – showing itself as SEBI Registered entity
2. Promising guaranteed return / misleading claims
3. Concealment of the fact that investment in the securities market is subject to market risk




ANALYSIS OF DECISIONS / ACTIONS

for Orders against Registered Entities

The following decisions / actions were observed in the Orders:

1. **Cancellation of RIA license/regn. (12)**
2. **Penalty Imposed (9)**
3. Debar from Securities Market (7)
4. Suspension of Registration (6)
5. Resolve pending Complaints (5)
6. Restrain from Public Company association (3)
7. Refund money i.e. Disgorge (2)
8. Restrain from disposing assets (2)
9. Warning to Ensure Compliances (2)
10. Deposit remaining balance with SEBI Escrow (1)

Note: The total count of number of orders will not add up to 31, as each Order would fall under various contraventions simultaneously.

 In case of registered entities, ***cancellation of license / Imposing penalty*** are the top decisions / actions.




ANALYSIS OF DECISIONS / ACTIONS


for Orders against Unregistered Entities

The following decisions / actions were observed in the Orders:

1. **Refund money i.e. Disgorge (58)**
2. **Debar from Securities Market (55)**
3. Restrain from disposing assets (51)
4. Deposit remaining with SEBI Escrow (49)
5. Penalty Imposed (34)
6. Invite Claims from Customers (27)
7. Restrain from Public Company association (14)
8. Resolve pending Complaints (4)
9. Cease & Desist to act as Investment advisor (3)
10. Others – like Refund/Impound Unlawful Gains, Settlement to SEBI, Freeze Bank/Demat/MF, Remove Ads/Website contents

Note: The total count of number of orders will not add up to 60, as each Order would fall under various contraventions simultaneously.

 In case of unregistered entities, **refunding money / debar from securities market** are the top decisions/actions.

 As a consequence, **Refund money i.e. Disgorge** is ordered for:

- Registered entities in 2 out of 31 cases i.e. 6% cases
- Unregistered entities in 58 out of 60 cases i.e. 97% cases

ANALYSIS OF SERVICES PROVIDED

for Orders against Registered Entities

74%
23 out of 31 cases

Tips/Trading calls
services

26%
8 out of 31 cases

Investment advisory
services

— Coaching and Training
— services

— Mutual fund
— distribution

for Orders against Unregistered Entities

97%
58 out of 60 cases

5%
3 out of 60 cases

3%
2 out of 60 cases

2%
1 out of 60 cases

Note: The total count of number of orders will not add up to exactly 100% as same entity covered by the order may provide different services simultaneously.



ANALYSIS OF INVESTMENT PRODUCTS DEALT

for Orders against Registered Entities

for Orders against Unregistered Entities

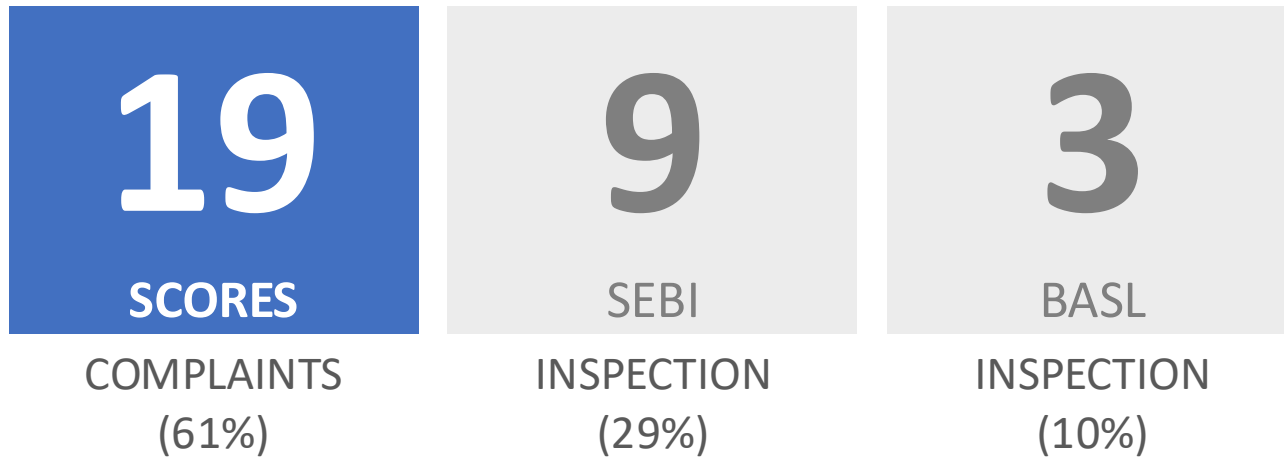
21 out of 31 cases — 68%	Derivatives (F/O/Com/...)	90% — 54 out of 60 cases
9 out of 31 cases — 29%	Equity	65% — 39 out of 60 cases
7 out of 31 cases — 23%	Intraday Eq. / High Freq. Trd.	32% — 19 out of 60 cases
3 out of 31 cases — 10%	BTST	20% — 12 out of 60 cases
2 out of 31 cases — 6%	Unlisted Shares / Forex	3% — 2 out of 60 cases
—	Mutual Funds	5% — 3 out of 60 cases
8 out of 31 cases — 26%	Not mentioned	3% — 2 out of 60 cases


Note: The total count of number of orders will not add up to exactly 100% as same entity covered by the order may deal in different products simultaneously.

ANALYSIS OF DISCOVERY DETAILS

for Orders against Registered Entities

The following factors were the top reasons behind initiating investigations / determining contraventions and consequently passing Orders:



 **Orders against registered entities are mainly due to SCORES complaints.**

Almost 60% due to SCORES complaints and just 40% due to Compliance- inspection.

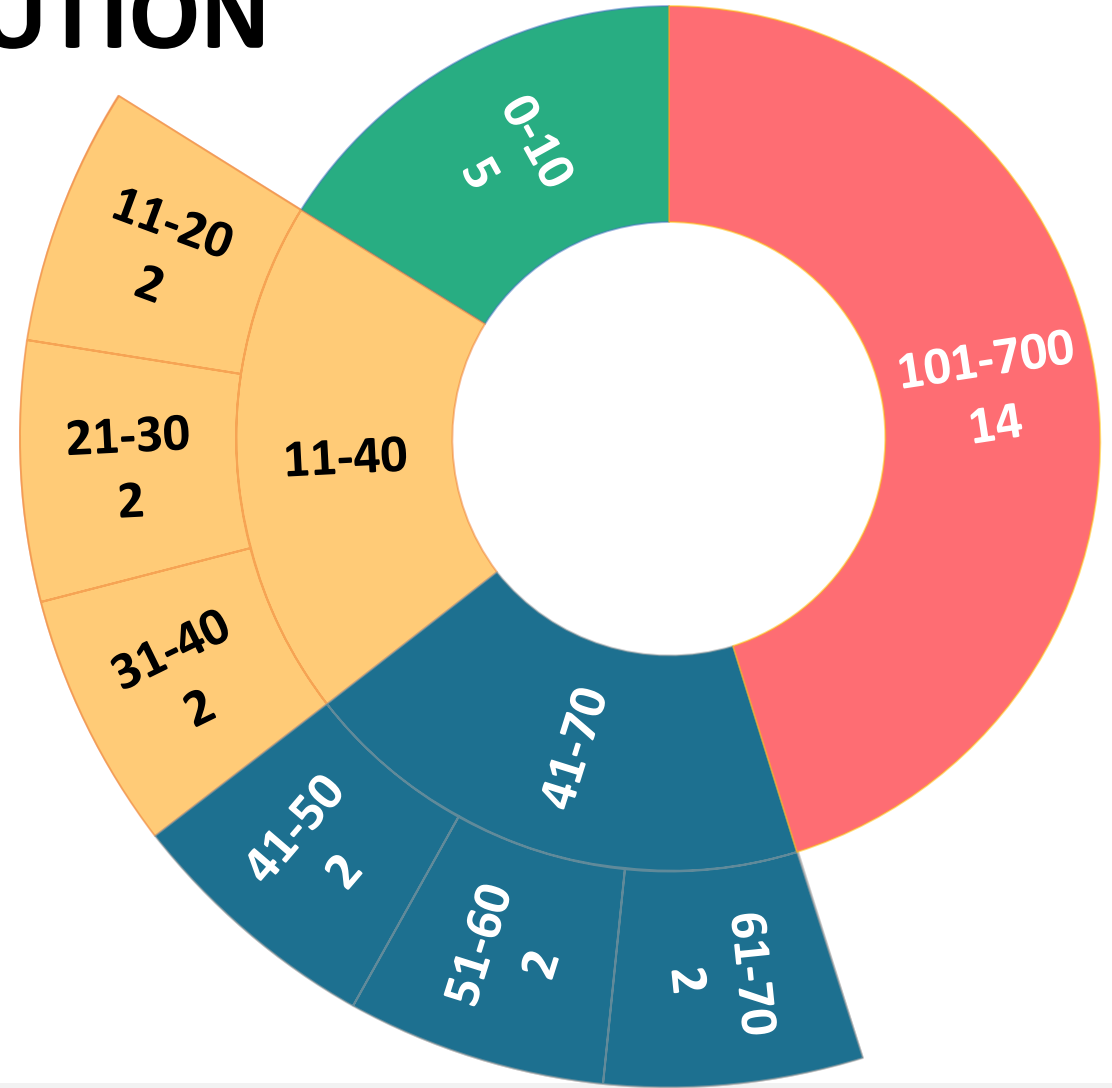
SCORES COMPLAINTS DISTRIBUTION

for Orders against Registered Entities

Based on the number of complaints received in SCORES against the registered entities, the following analysis is presented:

Complaints received & Orders

0-10:	5	51-60:	2
11-20:	2	61-70:	2
21-30:	2	71-100:	0
31-40:	2	101-700:	14
41-50:	2		



 Nearly 50% (14) Orders have very-high SCORES complaints i.e. > 100.

SCORES COMPLAINTS AND DISCOVERY

for Orders against Registered Entities

 **Upto 10 complaints is safest zone: 20% chance of order**

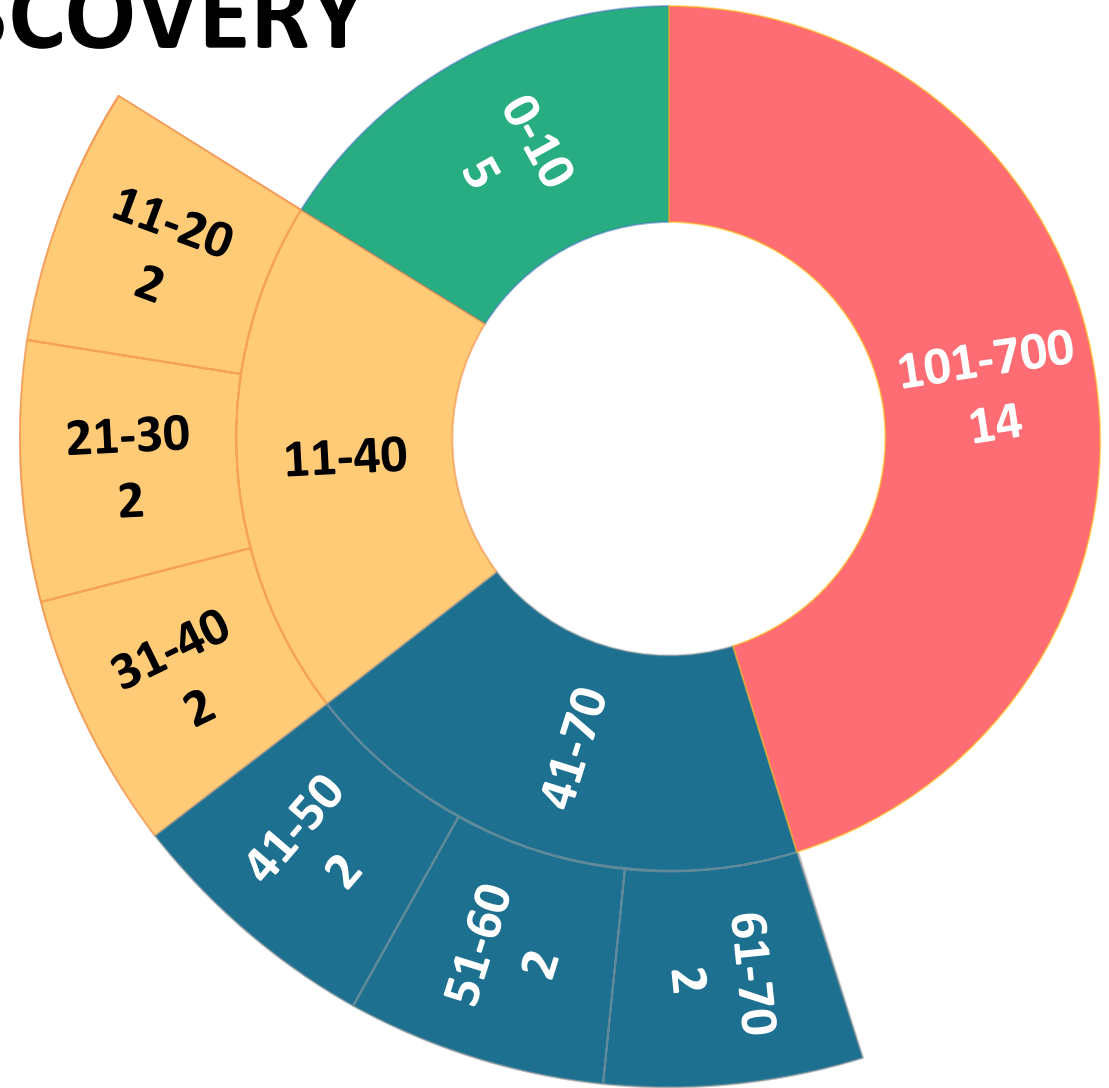
In 5 cases — 4 (80%) arised due to Compliance-Inspection.
1 (20%) arised due to SCORES complaints.

 **11 to 100 complaints is risky zone: 50% chance of order**

In 12 cases — 6 (50%) arised due to Compliance-Inspection.
6 (50%) arised due to SCORES complaints.

 **More than 100 complaints are danger zone: 86% chance of order**


In 14 cases — 2 (14%) arised due to Compliance-Inspection.
12 (86%) arised due to SCORES complaints.




SCORES COMPLAINTS CONTRIBUTORS

for Orders against Registered Entities

Type of Entity	No. of Complaints	Percent
Proprietorship	2,810	58%
Company	1,888	38%
Individual	177	4%
Partnership Firm	4	0%
Total	4,879	100%

 Nearly 60% (2810) Complaints have been registered against the Proprietorship concerns.

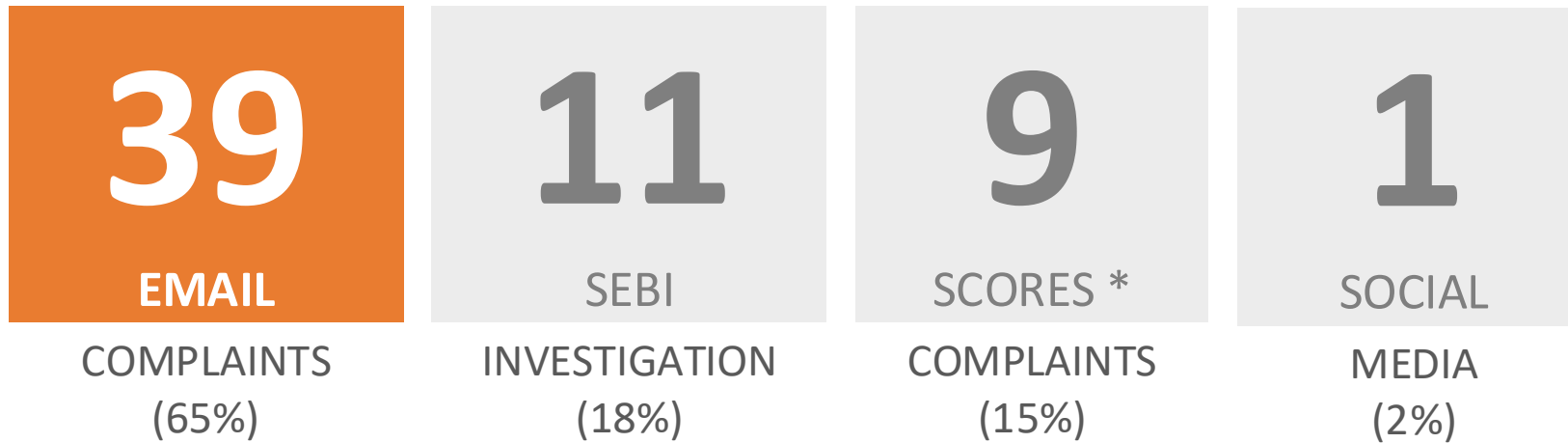
 In case of proprietorship concerns, Orders-count incidentally equals the Complaints-count i.e. 58%




ANALYSIS OF DISCOVERY DETAILS

for Orders against Unregistered Entities


The following factors were the top reasons behind initiating investigations / determining contraventions and consequently passing Orders:



*These relate to past years like 2015, etc. Currently SCORES complaint cannot be made for unregistered entities.

 Orders against unregistered entities are mainly due to Email complaints.

Almost 65% due to Email complaints and just 35% due to combined SCORES & SEBI Investigations.

 Unusually, SEBI also started taking cognizance of the social media posts but ONLY in 1 case. The monitoring of Social media has to increase and acted-upon, instead of waiting for Email complaints. Ideally lots will be found easily!

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