

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI  
CORAM: S. RAMAN, WHOLE TIME MEMBER**

**ORDER**

**Under Sections 11(1), 11(4), 11B and 11D of the Securities and Exchange Board of India Act, 1992, read with Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and Securities and Exchange Board of India (Research Analysts) Regulations, 2014 in respect of Mr. Anirudh Sethi (PAN: ANBPS5743A).**

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1. Securities and Exchange Board of India ("**SEBI**") vide Interim Order dated January 19, 2007 *inter alia* directed Mr. Anirudh Sethi (**Anirudh Sethi**) and his business name "*Stock Market Navigator*" (**SMN**) to:
  - "*Cease and desist from giving investment advice to clients including any recommendations containing company specific news which amounts to violation of Regulation 2(1)(c)(5) and Regulation 4(2)(k) and 4(2)(r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003*
  - *Cease and desist from acting as an unregistered portfolio manager until they are registered with the Board in terms of Section 12 of SEBI Act read with Regulation 3 of SEBI (Portfolio Managers) Regulations, 1993*
  
- 2.1 Anirudh Sethi and SMN were *prima facie* found to have disseminated unauthenticated and misleading company specific information through advertisement on print and electronic media which could have misled lay investors and thus indulged in activities prejudicial to the price discovery mechanism of the stock exchange. In view of this, they were alleged to have violated Regulation 2(1)(c)(5) and Regulation 4(2) (k) and (r) of SEBI (Prohibition of Fraudulent and

Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (**PFUTP Regulations, 2003**). It was also alleged that Anirudh Sethi acted as a portfolio manager without obtaining registration from SEBI as required under Section 12 of SEBI Act read with Regulation 3 of SEBI (Portfolio Managers) Regulations, 1993 (**Portfolio Managers Regulations, 1993**).

2.2 In the meanwhile, Adjudication proceedings were also initiated vide order dated March 26, 2009 against Anirudh Sethi and SMN, for the alleged violation of the aforesaid provisions of PFUTP Regulations, 2003 and SEBI Act read with Regulation 3 of Portfolio Managers Regulations.

2.3 Anirudh Sethi was also advised to file his reply, if any to the aforesaid interim Order within 15 days from the date of the said Order.

2.4 In response, Anirudh Sethi, gave an undertaking vide his affidavit dated March 12, 2007 *inter alia* submitting that:

*“That I will include well based information, analysis, articles and public corporate information in my every article. I will research and disclose the entire source on the basis of which article is published.*

*That I will not refer to or rely upon or reflect unpublished price sensitive information or any other inside information in any of my article.*

*That I will restrict my article to technical analysis and give recommendations only on the basis of publish corporate information available in the public domain at the time the article is published and reveal the source in the article.*

*That I will publish the article containing analysis within the framework of the existing rules and regulations as prescribed and/ or promulgated by the market Regulator, SEBI in so far as they are pertaining to the Capital Market.”*

2.5 Subsequent to this, the *ad interim ex-parte* direction issued against Anirudh Sethi and the business name “*Stock Market Navigator*” mentioned at Paragraph No. 7.1 of the said Order (*i.e.* to cease and desist from giving investment advice to clients including any recommendations containing company specific news amounting to the violation of the provisions of SEBI (Prohibition of

Fraudulent and Unfair Practices Relating to Securities Market) Regulations, 2003) was confirmed vide order dated July 29, 2009.

2.6 The said Order dated July 29, 2009 also directed that:

- *Anirudh Sethi is cautioned of his dealing in the securities market and advised to strictly follow his own undertaking dated March 17, 2007 and ensure that his business or dealing in the securities market is done in accordance with the applicable laws,*
- *The direction to Anirudh Sethi and the business name “Stock Market Navigator” to cease and desist from acting as an unregistered portfolio manager, issued vide SEBI Order dated January 19, 2007 stands vacated.*

2.7 The adjudication proceedings initiated against Anirudh Sethi was settled vide consent order dated June 28, 2010 for an amount of Rs. 12,00,000/- towards settlement charges, subject to the following condition:

*“Passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Noticee, if SEBI finds that:*

- *Any representations made by the Noticee in the consent proceedings are subsequently discovered to be untrue.*
- *The Noticee has breached any of the clauses/ conditions of undertakings/ waivers filed during the current consent proceedings.”*

3.1 Subsequently, in January 2016, SEBI, during the course of regular market surveillance, noticed that Anirudh Sethi is providing services of an investment adviser and research analyst by offering payment based subscription plans through his website *www.anirudhsethireport.com*.

3.2 Thereafter, SEBI examined the website of Anirudh Sethi, *www.anirudhsethireport.com* and also his *Twitter* account. Pursuant to this, SEBI, vide its letter and email dated April 01, 2016, sought the following information along with the supporting documents from Mr. Anirudh Sethi, *viz:-*

- a. Address of Mr. Anirudh Sethi along with the phone numbers, legal structure and PAN;
- b. Names, addresses, PAN and phone numbers of all his employees, agents, representatives and associates, if any;
- c. The list of all the securities/investment activities undertaken by him;
- d. Since when he is in the business of investment advisory/research analyst;
- e. The following details year-wise in a tabular format, *viz*:-
  - i. Package/service offered by Anirudh Sethi to his clients;
  - ii. Number of clients to whom he has provided the package/service;
  - iii. Total amount of money collected from the aforesaid clients as fees during the year.
- f. List of clients and fee charged for various products/services offered by him;
- g. Details of SEBI registration, if any, obtained by him;
- h. A copy of account statements of all his bank accounts for the last three financial years;
- i. Details of his website, person responsible for hosting and maintaining such websites;

3.3 Vide email dated April 06, 2016, Anirudh Sethi submitted the following information:

- a. *“ANIRUDHSETHIREPORT.COM is a well balanced association of persons. Groups and entities engaged in the diversified discipline of International Forex markets, stock markets, commodity markets, studies of economic policies of various countries and continents, stock market of India, commodity market of India, ....*
- b. *Our association comprising of professionals in stock market mechanism, forex market mechanism, financial experts....SEBI related issues subscribed to the various and diversified expression of opinions and advices for the benefit of the investors, stakeholders in general....*
- c. *We are the entity composing of the participants located at scattered locations to contribute to the corpus of the anirudhsethireport.com website in the form of expression of the opinion and of course on the occasional basis the stakeholders, investors, bereaved persons, group of persons strongly inclining to get reasonable return on the investment of hard earned money in the UNCERTAIN STOCK MARKET, COMMODITY MARKET, FOREX MARKET gratuitously or non-gratuitously approaches the ENTITY of association of persons for the guidance but in the form of opinion.*

- d. *We do arrange the seminars, conferences inviting the investors to participate in deliberations on various topics and express opinion on sector-wise....and for which we do look forward to the fees/ charges/ contribution for scheduling the programs, Technical Analysis and Trading Psychology....*
- e. *We are neither covered under SEBI (Investment Advisers) Regulations...for the simple reason that we do not impart Investment Advise to the investors for strategic sale or purchase of security nor we are subscribing to any article or advisory portion in any newspaper.....However, if SEBI makes it imperative within framework of law, Rules, regulations, we may get registration as required provided our activities captioned above as an association is established to be attracting the jurisdiction of SEBI Regulations..*

3.4 Vide the aforesaid letter, he sought time till April 30, 2016 to furnish the remaining information. SEBI vide e-mail dated April 7, 2016 provided time till April 20, 2016.

3.5 Anirudh Sethi vide email dated April 19, 2016 provided his address and PAN. In addition, he submitted:

- a. *“The website (anirudhsethireport.com) is owned by a person from USA and we are writing our opinion about general global market which covers Stock market, MCX Crude in a global level, other economic articles affecting the business cycles, fiscal measures...”*
- b. *We are not making clients of any sort. The members which we make are only in twitter (a social site accessible to all the persons) were people follow us. It is not a money making plan its just investment awareness website.....if it is somehow breaching your code of conduct...we would either stop doing it or will definitely join you (we mean to obtain a certificate from your board) to do it in future*
- c. *For the furtherance of awareness of the investors, households relating to the inbuilt risk engraved in the stock market comparing to other investment avenues we occasionally holding the lecture talks, conference, video conferencing talk for which we expect the participants to contribute the administrative charges to fructify the advisory opinion building talks...*
- d. *We do not have any earnings from the above activities so no question of sharing the details of bank account statements. When we are not covered it is not befitting to make us to submit the bank statements”*

3.6 SEBI vide email dated April 21, 2016 sought KYC details and bank account statements of Anirudh Sethi from ICICI Bank, Mumbai. ICICI Bank, vide its email dated April 21, 2016 provided statement of accounts of Anirudh Sethi maintained with ICICI Bank, Vadodara Branch, for previous 3 years. On perusal of the same, it was observed that there were multiple transactions where amount equivalent to Rs. 36,000/- had been credited to his bank account.

3.7 In view of the above, vide email dated April 28, 2016, Mr. Anirudh Sethi was advised to provide the following additional information:

- a. Details of the transactions where an amount of Rs. 36000 had been credited to his account, details of the counter parties and reason for the transaction along with supporting documents;
- b. Details about the ownership of the website along with the documentary evidence for the same and details of his arrangement/agreement with the owner of the website;
- c. Details of the scheme '*Fatal Attraction*' displayed in the website, details of the e-mails received from investors and the details of fees collected from such clients.

3.8 Mr. Anirudh Sethi in his reply email dated May 05, 2016 submitted as under:

- a. *"Taken Rs. 36000 from traders/ Investors or participants who want Financial Advice on Global Market (of every segment ) in general on various facets of internal economic updation on commodity, currency market and security market etc. and we are organizing Seminars on Technical Analysis and Trading Psychology to update the knowledge base of participants including traders, brokers, domestic investors and hence on account of the cost of holding the seminars, lecture meetings, interactive deliberations and mutual consultations, the charges are collected for Seminars and Books and Education Material we give to participants.*
- b. *AnirudhsethiReport is owned by Mr. Jim John of USA and he is handling the blog and we are just writing the post and updating about Financial Markets and Trading Psychology...."*

3.9 Further, no details about any arrangement with Mr. Jim John or any details about the scheme '*Fatal Attraction*' has been submitted by the entity.

3.10 Vide email dated May 09, 2016, the entity was advised to provide the details of the traders/investors or other participants from whom he has received the said amount, viz., name, contact details, amount collected and date of transaction, etc. latest by May 10, 2016.

3.11 Vide email dated May 15, 2016, Anirudh Sethi submitted: “...we do not have any specified time bound members but as and when participants find interested they may pay off in tranches as the events are scheduled. We are having other invitee faculties, experts to deliver the lectures, talks, occasionally and we do not have any membership or subscriber pattern.” However, he failed to furnish the details of any traders/investors or participants, as sought by SEBI.

4. On an examination of the material available on record, such as the information available on the websites of Anirudh Sethi, earlier orders passed by SEBI against Anirudh Sethi including the consent order, reply-affidavit dated March 12, 2007 filed by him pursuant to the interim Order dated January 29, 2007, replies received from Mr. Anirudh Sethi, bank account statements of Anirudh Sethi etc. it is observed that:

- i. The website of Anirudh Sethi, *www.anirudhsethireport.com*, contains the following declaration:  
“**About** - The present endeavour is an answer to several million mails and calls that I have been receiving for the last couple of years to find my views of the markets. So I thought I shall forecast the indices of Sensex and Nifty Futures for the Indian Markets and extend my work to Commodities, Currencies, Crude, Gold and so many other things. Wish my work appreciators will show the same compassion and be benefited by my sincere efforts.”
- ii. Anirudh Sethi also maintains an active social media presence through Twitter handle “*anirudhsethi71*” with a large number of followers. It is also observed that Anirudh Sethi in his reply vide e-mail dated April 19, 2016 stated “*The members which we make are only in twitter (a social site accessible to all the persons) were people follow us*”.

- iii. It is further observed that the tweets are mostly in the nature of stock specific recommendations and price targets. A few samples of the tweets are as follows:

*“YES BANK-Crashed to kiss 682.90 !Just see at 697 Indicated to sell .....Power of chart !”*

*“Buy 90 put of BHEL.....at 25 paisa or 30 paisa.....Risk 25 paisa and mint millions ??????Let's see”*

*“All T looking HOT ! TVS Motors, TV 18, TORRENT PHARMA ,TATA MOTOR DVR.....Yes will buy in panic”*

- iv. On perusal of the website, it is observed that Anirudh Sethi is providing subscription based services to general investors under the name “*Fatal Attraction*”. Under the same, he is providing technical analysis on stocks, futures/options, commodities, currencies etc. To apply for the subscription based service and for more information on the same, investors are required to send an email at *anirudhsethireport@yahoo.com*. The website says: “*Our technical forecasts will give profit...This has been proved umpteen times in the past 2 decades. That's why we get innumerable request mails showing interest to join. As is the precedence, this subscription too is for entire 2015-2016 Financial Year, i.e. for 12 months till March 2016*” . The details displayed in his website clearly indicate that Anirudh Sethi is offering subscription based investment advisory and research analyst services to investors. The details of the scheme “*Fatal Attraction*” have been sought from the entity, however, the entity failed to furnish the same to SEBI.
- v. From the analysis of the bank account statement (for the period April 01, 2013 to April 20, 2016) of Anirudh Sethi obtained from ICICI Bank, it is observed that there were multiple entries of deposits equivalent to Rs. 36,000/ into the said bank account from different parts of the country. For instance, during the month of August 2013 there were around 313 entries of deposits of amount equivalent to Rs. 36,000/- in the said bank account.



- vi. Anirudh Sethi, in his reply dated May 05, 2016 submitted that he has taken Rs. 36000 from traders/Investors or participants who want Financial Advice on Global Market (of every segment) to update the knowledge base of participants including traders, brokers, domestic investors. He further submitted that on account of the cost of holding the seminars, lecture meetings, interactive deliberations and mutual consultations, the charges are collected for Seminars and Books and Education Material for the participants.

It is however observed that he failed to submit any supporting documents regarding the same such as the details of the participants, name of the clients/participants, who had deposited the said amounts to his account, etc.

- vii. On the basis of the aforesaid facts, it is *prima facie* observed that Anirudh Sethi is charging fees for the investment advisory services and research analyst services he is providing to the investors.

5. In the context of the information available and analysis of the same, it is *prima facie* observed that:

- a. Anirudh Sethi is engaged in providing investment advisory services to investors on payment of fees as discussed in the preceding paragraphs, which *prima facie* fall under the definition of "*investment adviser*" as defined by Regulation 2(m) of the SEBI (Investment Advisers) Regulations, 2013 (**Investment Advisers Regulations**), which reads as under:

*"investment adviser" means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;"*

- b. Anirudh Sethi is offering stock specific tips and recommendations and technical calls, as observed from his website, which *prima facie* falls under the definition of “*research analyst*” as defined by Regulation 2(u) of the SEBI (Research Analysts) Regulations, 2014 (**Research Analysts Regulations**), which reads as under:

*“research analyst” means a person who is primarily responsible for,-*

*i. preparation or publication of the content of the research report; or*

*ii. providing research report; or*

*iii. making 'buy/ sell/ hold' recommendation; or*

*iv. giving price target; or*

*v. offering an opinion concerning public offer,*

*with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.*

6. In order to examine the genuineness of the activities and to ensure that no investors are defrauded, it is imperative that any person carrying out investment advisory activities and services of a research analysts, has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act read with the relevant provisions of Investment Advisers Regulations and Research Analysts Regulations. Section 12(1) of the SEBI Act, 1992 reads:

*" No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act."*

Further, as per Regulation 3(1) of the Investment Advisers Regulations and Research Analysts regulations, the registration of investment advisers and research analysts are mandatory. Regulation 3(1) of the Investment Advisers regulations provides that:

*"On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations."*

Similarly, Regulation 3(1) of the Research Analysts Regulations provides that:

*"On and from the commencement of these regulations, no person shall act as a research analyst or research entity or hold itself out as a research analyst unless he has obtained a certificate of registration from the Board under these regulations."*

7. Considering the facts and circumstances of the matter, I am convinced that Mr. Anirudh Sethi is *prima facie* engaged in providing investment advisory services and also services of a research analyst to clients for consideration without obtaining registration from SEBI, and as a result of the aforesaid activities, he has violated Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of Investment Advisers Regulations and Regulation 3(1) of Research Analysts Regulations.
8. In this context, it is also observed that Anirudh Sethi, by providing services of an investment adviser as defined in Regulation 2(m) of the Investment Advisers Regulations, 2013 and a research analyst as defined in 2(u) of the Research Analysts Regulations, 2014, without obtaining due registration from SEBI, has blatantly flouted the directions issued against him vide SEBI Order dated July 29, 2009. Vide the said Order Anirudh Sethi had been directed to strictly follow his own undertaking dated March 12, 2007 and ensure that his business or dealing in the securities market is done in accordance with the applicable laws. However, Anirudh Sethi has continued to provide services of an investment adviser and research analyst without obtaining registration of SEBI, totally ignoring the provisions of the aforesaid Investment Advisers Regulations and Research Analysts Regulations which have been notified by SEBI on January 21, 2013 and September 1, 2014 respectively and also the directions issued by SEBI, besides his own undertakings.
9. SEBI has a statutory duty to protect the interests of investors in securities market and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has

empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. Therefore, steps have to be taken in the instant matter to prevent such persons from further misleading investors and prevent them from soliciting and collecting funds from investors without due registration from SEBI. This is especially so because of the refusal on part of Anirudh Sethi to provide the information as sought by SEBI.

In the instant matter, Anirudh Sethi has continued with his unregistered activity totally ignoring the directions issued by SEBI and also his own undertaking dated March 12, 2007 given in affidavit wherein he undertook that “*he will publish the article containing the analysis within the framework of the existing rules and regulations as prescribed and/or promulgated by the market Regulator, in so far as they are pertaining to the Capital Market*”. I am convinced that this is a case where effective and expeditious action is required to be taken to prevent any further harm to investors caused by the unauthorized activities of Anirudh Sethi. Therefore, in order to ensure that Mr. Anirudh Sethi does not collect any more funds from the public and indulge in unauthorized investment advisory or research analyst activities until full facts and materials are brought out and a final decision is taken in the matter, it becomes necessary for SEBI to take urgent preventive action.

In light of the same, I find there is no other alternative but to take recourse through an *ad interim ex-parte* order against Mr. Anirudh Sethi (who is a repeat offender) for preventing him from collecting funds and indulging in unauthorized investment advisory and research analyst activities without obtaining registration from SEBI in accordance with the law.

10. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11B and 11D read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *ex-parte ad-interim order*, the following directions –

- i. Mr. Anirudh Sethi (PAN: ANBPS5743A) is:-
  - a. *Directed to cease and desist from acting as an investment advisor;*
  - b. *Directed to cease and desist from acting as a research analyst ;*

- c. *Directed to cease to solicit or undertake such activities or any other activities in the securities market, directly or indirectly, in any matter whatsoever;*
- d. *Directed not to divert any funds raised from investors, kept in bank account(s) and/or in his custody;*
- e. *Directed to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to his investment advisory and research analyst activity or any unregistered activity in the securities market,*
- f. *Directed to furnish the complete details, information, documents, etc. sought by SEBI vide its letters/e-mails dated April 1, 2016, April 28, 2016 and May 09, 2016, including:*
  - *Names, addresses, contact numbers of the clients/participants, who had deposited money (equivalent to Rs. 36,000/-) in his account,*
  - *Full details regarding the scheme "Fatal Attraction" including the names, addresses and contact numbers of the clients/investors who had subscribed to the said scheme.*
  - *Details of the amount collected (year-wise) from the clients/participants till date.*

11. The above directions shall take effect immediately and shall be in force until further orders.
12. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Mr. Anirudh Sethi in accordance with law.
13. This Order shall be treated as a show cause notice and Mr. Anirudh Sethi may show cause as to, why the existing activities identified in this Order should not be held as "*Investment Advisory Services*" and "*Research Analyst Services*" in terms of respective Regulations and why appropriate directions, under Section 11 and 11B of the SEBI Act, 1992 and relevant SEBI Rules/Regulations including directions prohibiting him from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and to refund the amount collected from the investors/clients/partners for his existing activities should not be issued against him.

14. The *prima facie* observations contained in this Order are made on the basis of the material available on record *i.e.* information obtained from the website of Mr. Anirudh Sethi and also the information/document provided by ICICI Bank. In this context, Mr. Anirudh Sethi may, within 21 days from the date of receipt of this Order, file his reply, if any, to this Order and may also indicate whether he desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

**Place: Mumbai**  
**Date: May 26, 2016**

**S. RAMAN**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**