



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AK/GN/2026-27/32395]**

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) RULES, 1995, IN RESPECT OF;

Ortem Securities Limited (PAN- AAACO3435C)

In the matter of inspection of Ortem Securities Limited

Background

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') jointly with NSE conducted thematic inspection of Ortem Securities Limited (hereinafter referred to as Noticee) (Theme: Inspection of Authorized Persons (APs)). The period of inspection was from April 2023 to November 2024 (hereinafter referred to as 'Inspection Period').
2. The Noticee is a SEBI-registered Stock Broker having SEBI registration number as INZ000284334.
3. Based on the findings of Inspection conducted by SEBI and the response of Noticee dated January 31, 2025 submitted to SEBI, certain non-compliance of provision of circular issued by SEBI, NSE and SEBI(Stock Brokers) Regulations, 1992 (hereinafter referred to as **Brokers Regulations**) were, prima facie, observed.

APPOINTMENT OF ADJUDICATING OFFICER

4. Upon being satisfied that Noticee has violated provisions of Brokers Regulations and circular issued by SEBI and NSE, competent authority approved initiation of adjudication proceedings and vide communique dated November 20, 2025, appointed the undersigned as the Adjudicating Officer u/s 19 of the SEBI Act, 1992 (hereinafter referred to as **SEBI Act**) r/w Section 15-I of SEBI Act and Rule 3 of SEBI(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge u/s 15HB of SEBI Act, the alleged violations by the Noticee.



SHOW CAUSE NOTICE, REPLY AND HEARING

5. Show Cause Notice (hereinafter being referred to as the “**SCN**”) dated December 29, 2025 was issued to Noticee in terms Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against it and why penalty, if any, should not be imposed u/s 15HB of SEBI Act for the following alleged violations-
 - 5.1. Misuse of terminals/ operation of terminals by persons other than employees/ authorized persons.
 - 5.2. The Noticee did not undertake inspection of the AP in last 3 years.
 - 5.3. Non maintenance of pre-order confirmation and not conducting periodical inspections of APs by Noticee.
 - 5.4. Information displayed on the notice Board of the AP was misleading and inaccurate.
6. The SCN was sent to Noticee through Speed Post AD and via Email on December 30, 2025 and was duly served upon Noticee. Vide email dated January 19, 2026 Noticee acknowledged the receipt of SCN and sought 7 days’ extension for submission of reply. Vide email dated January 21, 2026 Noticee was informed that it can submit its reply by January 28, 2026. Vide letter dated January 28, 2026 Noticee submitted its reply. The Noticee’s reply is summarised below:
 - A. ***Misuse of terminals/operation of terminals by persons other than employees/authorized persons***
 - a) *Noticee submitted that during the relevant period, it was their understanding that Sandip Kumar Sinha was an employee of Ashish Rustagi, who was the registered Authorized Person (AP) with them. Accordingly, trading terminals were provided for execution of trades under the said AP. However, during inspection, it came to our notice that Sandip Kumar Sinha was, in fact, an employee of Twinkle Stock Consultants Pvt Ltd. and not directly employed by Ashish Rustagi.*
 - b) *Being an individual AP, Ashish Rustagi, was operating the business using the infrastructure and administrative support of a company i.e. Twinkle Stock Consultants Pvt Ltd. to ensure that the business can be carried out smoothly as the Director of Twinkle Stock Consultants Pvt Ltd. is related to Ashish Rustagi.*



- c) Upon becoming aware of this discrepancy, Noticee immediately carried out a detailed review, and it was further noted that Ashish Rustagi had handed over the business operations to his brother, Manish Rustagi, Director of Twinkle Stock Consultants Pvt Ltd. Consequently, the terminal was being operated by Sandip Kumar Sinha, who was employed with Twinkle Stock Consultants Pvt Ltd.
- d) Noticee submitted that it has since taken immediate corrective actions and strengthened internal controls to ensure that terminal access is provided strictly in accordance with Exchange records, AP registration details, and approved user mappings and only to authorized persons or their duly registered employees.
- e) Noticee further submitted that on 30 November 2024 and 05 December 2024, the approved user Sandip Kumar Sinha, was on leave. On these days, they have not operated the trading terminal but to safeguard client interests, CTCL terminal access was temporarily used by Manish Rustagi, Director of Twinkle Stock Consultants Pvt Ltd., solely for executing pending client orders upon specific client requests, there was no unauthorized or personal trading activity which was carried out, and no other individual was permitted to operate the terminal during this period. It was their client request to trade in their account due to which Manish Rustagi has traded in the absence of Sandip Kumar Sinha on his terminal.
- f) The lapse occurred due to a miscommunication at the Authorized Person level, and the Member was not informed of the deviation at the relevant time. Ashish Rustagi was registered Authorized Person during the audit period, and Manish Rustagi, his brother, was associated with Twinkle Stock Consultants Pvt Ltd. and was involved only in administrative and support functions.
- g) As part of further corrective and preventive measures, the existing AP registration has been surrendered, and Twinkle Stock Consultants Pvt Ltd. has been registered as an Authorized Person. This step has been taken to ensure that all operations are fully aligned with SEBI and Exchange regulations, and that trading activities are conducted strictly by authorized and approved persons only.
- h) Strict terminal access controls, enhanced supervision, and periodic verification mechanisms have now been implemented to prevent recurrence of such instances. The Member remains fully committed to regulatory compliance and investor protection.



B. The Noticee has not undertaken inspection of the AP in last 3 years

a) Noticee submitted that they have inadvertently missed the inspection of this particular AP. However, they are conducting regular inspections of other APs as mandated by SEBI guidelines.

C. Non maintenance of pre-order confirmation

a) Noticee submitted that the AP was earlier maintaining voice recordings for pre-order confirmation, However, due to an unexpected system crash, the stored data including the voice recordings were lost and could not be retrieved, despite multiple efforts, the data could not be recovered, and subsequent orders were processed without voice logs due to technical delays.

b) During the inspection, they have provided a purchase bill dated 16-Nov-2024, evidencing the purchase of a new system. However, at the time of the inspection in December, the voice recording functionality had not yet become fully operational. Backup system has now been implemented to ensure uninterrupted voice recording and secure storage of data in future.

c) Noticee submitted that while APs may not be fully aware of all circulars issued by SEBI/Exchanges, it is the responsibility of the Trading Member (TM) to ensure awareness and compliance across its APs and branches.

d) Further, compliance should be recorded based on documented evidence and circulars, rather than solely on verbal statements provided during onsite inspections. As APs may have limited compliance knowledge, the understanding and clarification provided by the Compliance Officer should be duly considered on record.

e) Moreover, as part of their corrective and preventive measures, all prescribed evidence for pre-order confirmation shall be properly maintained, both at the Authorized Person level, in line with SEBI and Exchange requirements. Noticee assured that necessary controls have been strengthened to prevent recurrence of such instances in the future. Noticee will educate and provide training to AP to ensure that they are aware of all the current guidelines of SEBI/Exchange.

D. Information displayed on the notice board of the AP was misleading and inaccurate

a) Noticee submitted that at the time of registration of the Authorized Person (AP), all the necessary information and formats, including Visitor Register and Complaint Register,



were duly provided. However, they were not aware that the AP had not been maintaining the Visitor Register and Complaint Register, and that incorrect details were subsequently displayed on the notice board.

- b) *Upon identification of the issue, immediate corrective actions were taken, Noticee submitted that Twinkle Stock Consultants Pvt Ltd. has now displayed the required Notice board in the prescribed format and has also properly maintained the Visitor Register and Complaint Register in accordance with the circulars and guidelines issued by the Exchange from time to time.*
- c) *Noticee submitted that no complaints were received from any clients against the Authorized Person during the relevant period. Noticee assured that proper record-keeping has been implemented and they are compiled as per the SEBI/Exchange guidelines.*
- d) *Noticee assured that necessary controls have been strengthened and such lapses shall not recur in future.*
7. In the interest of natural justice, an opportunity of personal hearing was granted to Noticee on February 24, 2026 vide hearing notice dated February 04, 2026. The Authorised Representative (ARs), appointed vide Noticee's letter dated February 19, 2026 appeared for the hearing scheduled on February 24, 2026 and made submissions on the lines of written reply submitted by Noticee.

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

8. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

ISSUE II- Does the violation, if any, attract monetary penalty under Section 15HB of the SEBI Act, 1992?

ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

9. Before proceeding further, it will be appropriate to refer to the relevant provisions.

SEBI (Stock Brokers) Regulations, 1992



Regulation 26 - A stock broker shall be liable for monetary penalty in respect of the following violations, namely—

(xix) Extending use of trading terminal to any unauthorized person or place.

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.

NSE Circular dated Aug 26, 2008, NSE/INSP/11184 and CTCL -(Exchange's circular no. NSE/MEMB/3574 dated 29-Aug-02 and NSE/MEMB/3635 dated 25-

<https://www.nseindia.com/resources/exchange-communication-circulars#>

SEBI Master circular for Stock Brokers dated August 09, 2024.

https://www.sebi.gov.in/legal/master-circulars/aug-2024/master-circular-for-stock-brokers_85605.html

FINDINGS

10. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder:

ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

11. Misuse of terminals/ operation of terminals by persons other than employees/ authorized persons.

11.1. During inspection it was observed that there was misuse of terminals/ operation of terminals by persons other than employees/ authorized persons of Noticees. In view of the same it was alleged that Noticee is in violation of Regulation 26(xix) of Brokers Regulations, Clause A(2) and A(5) of Code of conduct for stock brokers mentioned at Schedule II of Brokers Regulations, and Regulation 2.2.1 of Regulations (F&O Segment) and Regulation 2.2.1 of Part A of the Capital Market



Regulations of the Exchange, Currency Derivative Circular dated Aug 26, 2008, NSE/INSP/11184) and CTCL -(Exchange's circular no. NSE/MEMB/3574 dated 29-Aug-02 and NSE/MEMB/3635 dated 25-Sep-02).

11.2.I note that in reply to the SCN Noticee submitted that during inspection, it came to their notice that Sandip Kumar Sinha was, in fact, an employee of Twinkle Stock Consultants Pvt Ltd. and not directly employed by Ashish Rustagi. on 30 November 2024 and 05 December 2024, the approved user Sandip Kumar Sinha, was on leave. To safeguard client interests, CTCL terminal access was temporarily used by Manish Rustagi. Noticee submitted that the lapse occurred due to a miscommunication at the Authorized Person level, and the Member was not informed of the deviation at the relevant time.

11.3.I note that as per Regulation 26(xix) of Brokers Regulations, stock broker is liable for monetary penalty for Extending use of trading terminal to any unauthorized person or place. As per Clause A(2) and A(5) of Code of conduct for stock brokers mentioned at Schedule II of Brokers Regulations, a stock-broker shall act with due skill, care and diligence in the conduct of all his business and 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.

11.4.I note that as per Regulation 2.2.1 of Regulations (F&O Segment) and Regulation 2.2.1 of Part A of the Capital Market Regulations of the Exchange, Currency Derivative Circular dated Aug 26, 2008, NSE/INSP/11184) and CTCL -(Exchange's circular no. NSE/MEMB/3574 dated 29-Aug-02 and NSE/MEMB/3635 dated 25-Sep-02), Trading Members and participants shall be entitled to appoint, with the approval of the F&O Segment of the Exchange Authorised persons and Approved users to operate the Trading Workstation(s) approved by the F&O Segment of the Exchange. In the capital market segment Trading Members and participants shall be entitled to appoint Authorised Persons and Approved Users.

11.5.I note that as per the records of the Exchange, Ashish Rustagi is registered as an AP with Noticee. However, during the inspection conducted by SEBI it was



observed that all operations of the AP business were carried out by Twinkle Stock Consultants Pvt. Ltd (herein after referred as **Twinkle**). Further, during the inspection period 01-Apr 2023 to 30-Nov 2024, it was observed that the entire commission was shared by the Noticee with Twinkle instead of Ashish Rustagi. Further, I note that during inspection it was admitted by the AP that there is no agreement between Ashish Rustagi and Twinkle regarding operations of the terminal. It is informed by the AP that the registration would be changed from Mr Ashish Rustagi to Twinkle.

11.6. I note that as per exchange records, Sandip Kumar Sinha is the approved user for the AP terminal. However, during the inspection, it was observed that Sandip Kumar Sinha is not an employee of Ashish Rustagi. In fact, Sandip was employed by Twinkle.

11.7. In this regard, I note that in reply to the SCN Noticee admitted that due to misunderstanding trading terminals were being used by employee of Twinkle Stock Consultants Pvt Ltd. i.e. Sandip Kumar Sinha and not by Ashish Rustagi.

11.8. Further, I note that on the day of the inspection (December 02, 2024), two trades were executed through the AP terminal. However, on the day of the inspection, the approved user, Sandip Sinha, was on leave. As a matter of fact, Sandip was on leave from November 30, 2024 to December 05, 2024.

11.9. In this regard, I note that Noticee in reply to the SCN admitted that from November 30, 2024 to December 05, 2024 was on leave. Noticee also submitted that to safeguard the clients interest CTCL terminal access was temporarily used by Manish Rustagi director of Twinkle for executing pending client orders upon specific client requests.

11.10. In view of the above and admission of the Noticee, I observe that the terminal of the AP was operated by an unauthorized user and thereby Noticee violated the provisions as alleged.

12. The Noticee did not undertake inspection of the AP in last 3 years

12.1. During inspection, it was observed that the AP was not inspected by the Noticee in the last three years. In view of the aforesaid, it was alleged that Noticee violated



Clause 32.7.5 r/w Clause 32.7.1 and Clause 32.7.2 of SEBI Master circular for Stock Brokers dated August 09, 2024, Clause A(1), A(2) and A(5) of Code of Conduct given at Schedule II of Brokers Regulations.

12.2.I note that in reply to the SCN, Noticee admitted that they have inadvertently missed the inspection of this particular AP.

12.3.I note that as per Clause 32.7.5 r/w Clause 32.7.1 and Clause 32.7.2 of SEBI Master circular for Stock Brokers dated August 09, 2024 Stock Broker shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them and the stock broker shall be responsible for all acts of omission and commission of his authorised person(s) and/or their employees, including liabilities arising there from.

12.4.Further, as per Clause A(1), A(2) and A(5) of Code of Conduct given at Schedule II of Brokers Regulations a stock-broker shall act with due skill, care and diligence in the conduct of all his business and 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.

12.5.I note that during inspection, it was observed that the AP was not inspected by the Noticee in the last three years. I note that, in this regard Noticee admitted that that they have inadvertently missed the inspection of this particular AP.

12.6.In view of the above, I note that Noticee violated the provisions, as alleged.

13. Non maintenance of pre-order confirmation

13.1.I note that during inspection it was observed that Noticee did not maintained pre-order confirmation. In view of the same, it was alleged that Noticee violated Clause 34.2 and Clause 34.4 of SEBI Master circular dated August 09, 2024.

13.2.I note that in reply to the SCN, Noticee submitted that at the time of the inspection in December, the voice recording functionality had not yet become fully operational.

13.3.I note that as per Clause 34.2 and Clause 34.4 of SEBI Master circular dated August 09, 2024, all brokers shall execute trades of clients only after keeping evidence of the client placing such order and wherever the order instructions are



received from clients through the telephone, the stock broker shall mandatorily use telephone recording system to record the instructions and maintain telephone recordings as part of its records.

13.4. I note that during inspection, it was informed that voice recordings w.r.t. pre-order confirmations for executed trades, were maintained by the AP. However, no voice logs were provided by AP with respect to executed trades. In this regard, I note that during inspection and in reply to the SCN as well Noticee informed that Twinkle had purchased a new computer on 16-Nov-24 due to system crash on 15-Nov-24. Further, there is no backup available for any call records.

13.5. Considering the above, during inspection call records pertaining to November 2024, were sought from the AP. However, the AP was unable to provide the call records of trades executed after November 16, 2024 i.e. after the purchase of new computer.

13.6. Also, the AP could not produce even the post-order trade confirmations or physical pre-trade confirmations.

13.7. I also note that in reply to the SCN Noticee submitted that the AP was earlier maintaining voice recordings for pre-order confirmation, however no recording was provided by the Noticee. Therefore, the aforesaid contention of the Noticee is not tenable. Noticee also admitted that at the time of the inspection in December, the voice recording functionality had not yet become fully operational.

13.8. In view of the above, I observe that the AP/Noticee is non-compliant with requirement of maintaining pre-order trade confirmations for the executed trades. Therefore, I observe that Noticee is in violation of Clause 34.2 and Clause 34.4 of SEBI Master circular dated August 09, 2024.

14. Information displayed on the notice board of the AP was misleading and inaccurate

14.1. During inspection, it was observed that Information displayed on the notice Board of the AP was misleading and inaccurate, thereby it was alleged that Noticee violated Clause 32.7.3 of SEBI Master circular for Stock Brokers dated August 09, 2024.



14.2.I note that in reply to the SCN, Noticee submitted that they were not aware that the AP had not been maintaining the Visitor Register and Complaint Register, and that incorrect details were subsequently displayed on the notice board.

14.3.I note that as per Clause 32.7.3 of SEBI Master circular for Stock Brokers dated August 09, 2024 Stock Broker shall display at each branch office additional information such as particulars of authorised person in charge of that branch, time lines for dealing through authorised person, etc.

14.4.I note that during inspection, it was observed that AP did not maintained any visitor register or complaint register or call register. Further, the AP had displayed a notice board which *inter-alia* contained details of the Noticee, SEBI registration of Noticee, and details of Manish Rustagi instead of Mr Ashish Rustagi.

14.5.In this regard, I note that Noticee in reply to the SCN, submitted that they were not aware that the AP had not been maintaining the Visitor Register and Complaint Register, and that incorrect details were subsequently displayed on the notice board. In this regard, I note that as per clause 32.7.1 the stock broker shall be responsible for all acts of omission and commission of its authorised person(s) and/or their employees. Further, as per clause 32.7.3 it is the duty of stock broker to display at each branch office particulars of authorised person in charge of that branch. Therefore, the aforesaid contention of Noticee that that they were not aware about non-maintenance of register by the AP and the incorrect details were displayed on the notice board, is not tenable.

14.6.In view of the above, I observe that Noticee is in violation of Clause 32.7.3 of SEBI Master circular for Stock Brokers, dated August 09, 2024.

ISSUE II: Does the violation, if any, on part of the Noticees attract penalty under Section 15HB of SEBI Act?

15. In view of the violations as established above, I find that this is a fit case for penalty u/s 15HB of the SEBI Act, which reads as given below:

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been



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

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

16. While determining the quantum of penalty u/s 15HB of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.”

17. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. As SEBI registered intermediary, Noticee is under statutory obligation to comply with the applicable circulars, rules and regulations. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, non-compliances/ violations by the Noticee deserves and attracts suitable penalty. I note that corrective actions have been taken by the Noticee post inspection and also no complaint against Noticee has been brought on record etc. These are being considered as mitigating factors while deciding the quantum of penalty. As per available records, no past action has been taken by SEBI against the Noticee.

ORDER

18. Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme



Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned u/s 15-I of the SEBI Act, 1992 r/w rule 5 of the Adjudication Rules, 1995, I impose a penalty of ₹ 3,00,000/- (Rupees Three lakh only) on Ortem Securities Limited (PAN- AAACO3435C) u/s 15HB of the SEBI Act, 1992. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

19. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

20. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

21. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Place: Mumbai

Date: April 29, 2026

**AMIT KAPOOR
ADJUDICATING OFFICER**