QJA/BS/MIRSD/MIRSD-SEC-6/32674/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTION 12 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 27 OF SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008.

In respect of:

NOTICEE	SEBI Registration No.	PAN
M/s Trade Nexa Research Investment Advisor (Prop- Minakshi Asavani)	INA000009083	BXHPA0464M

In the matter of inspection of Trade Nexa Research Investment Advisor (Prop- Minakshi Asavani)

A. BACKGROUND

1. The present matter emanates from post enquiry show cause notice dated January 01, 2026 ("**SCN**") issued to M/ Trade Nexa Research Investment Advisor (Prop- Minakshi Asavani) **(**"**Noticee**") under regulation 27 (1) of SEBI (Intermediaries) Regulations, 2008 ("**SEBI Intermediaries Regulations**"). The Noticee is registered with the Securities and Exchange Board of India ("**SEBI**") as an Investment Adviser ("I**A**") having SEBI registration No.INA000009083.

2. SEBI conducted a surprise onsite inspection of the Noticee on March 05, 2024 onwards for the period from April 01, 2020 to December 31, 2023 ("**Inspection Period**")

concerning various compliance requirements that need to be ensured by the Noticee with respect to the provisions of SEBI (Investment Advisers) Regulations, 2013 ("I**A Regulations**").

3. SEBI's inspection, *inter alia*, observed that the Noticee had violated various provisions of RA Regulations, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"), and SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations"**).

B. PROCEEDINGS BEFORE THE DESIGNATED AUTHORITY

4. Pursuant to the findings / observations made in the course of inspection, SEBI initiated enquiry proceedings under Chapter V of the SEBI Intermediaries Regulations against the Noticee and appointed a Designated Authority ("**DA**").

5. The DA issued a show cause notice dated January 16, 2025 ("**Pre-Enquiry SCN**") to the Noticee under regulation 25 (1) of the SEBI Intermediaries Regulations to show cause as to why appropriate recommendation should not be made against it for the violations alleged to have committee by the Noticee.

6. In response to the Pre-Enquiry SCN issued by the DA, the Noticee filed his reply vide letter dated February 14, 2025. On receipt of said reply, an opportunity of personal hearing was granted to the Noticee on July 18, 2025 which was availed by the Noticee through his authorized representative ("**AR**"). Thereafter, based on the allegations levelled against the Noticee in the Pre-Enquiry SCN, reply filed by the Noticee, submission made during the personal hearing and the material available on record, the DA concluded the Enquiry Proceedings and submitted the Enquiry Report ("**Enquiry**

Report") dated August 12, 2025 in terms of regulation 26 of the SEBI Intermediaries Regulations.

7. The DA in his report has observed the following against the Noticee:

(i) The Noticee misled his clients by giving assurances regarding fixed returns.

(ii) The Noticee failed in its statutory obligation to comply with the applicable circulars, rules and regulations.

8. Based on the aforesaid findings, the DA held that the violations pertaining to RA Regulations and PFUTP Regulations stood established against the Noticee. Further, with respect to the violations established above, the Noticee has been penalised vide Adjudication Order No. Order/AK/DS/2025-26/31592-31594 dated August 13, 2025. Accordingly, the DA recommended the following:

"Given the above, it is recommended that in terms of Regulation 26(1)(vii) of the Intermediaries Regulations, regulatory censure may be issued to the Noticee --"

C. SHOW CAUSE NOTICE, REPLY AND HEARING

9. Pursuant to the submission of the Enquiry Report, a show cause notice ("**SCN**") dated January 05, 2026 in the matter was issued to the Noticee. *Vide* the abovementioned SCN, the Noticee was called upon to show cause as to why action as recommended by the DA or any other action as contemplated in the SEBI Intermediaries Regulations should not be taken against him. The Enquiry Report of the DA dated August 13, 2025 was also forwarded to the Noticee along with the SCN. Therefore, any reference in this Order to the allegations made in the SCN must also be read to include the conclusions arrived at in the Enquiry Report.

10. In response to the SCN, the Noticee submitted his reply *vide* email dated February 16, 2026. Subsequently, the Noticee was granted an opportunity of personal hearing on February 17, 2025. On the said date, the AR of the Noticee appeared before me and reiterated the submissions made *vide* the Noticee's email dated February 16, 2026. Additional submissions are made on February 20, 2026. During the hearing, the AR was required to clarify:

- The nature and size of the IA activities carried out by the Noticee;
- Allegations of assured return promise made by the Noticee;
- What steps were taken by the Noticee to rectify the violations brought out by SEBI?

11. The AR of the Noticee submitted that it has, in certain instances, accepted fees from clients before entering into agreement. However, in no case, Noticee has provided services before entering into agreement. The Noticee further submitted that it had minimal interactions with its clients over calls. Noticee admitted that while certain call records were provided to the inspection team of SEBI, but the complete records were not provided as they were not maintained. The Noticee would provide recommendations with its clients through SMS, which have been shared with the inspection team of SEBI. Noticee disputed the allegation that any free trial was provided by the Noticee. The Noticee submitted that SEBI has relied on a WhatsApp communication and on the basis of which it has been assumed that the Noticee has provided a free trial.

12. With respect to the allegation of assured returns, the Noticee contended that it had communicated to clients that it will try to recover the losses and such claim for recovery of losses has been considered by SEBI as assured return. The Noticee further contended that SEBI itself has issued a circular in 2025 wherein it has said that past

performance can be advertised only if it is certified. The aforesaid circular has been issued post the inspection period concerned in the present case.

13. The AR was asked about the number of clients the Noticee services as an Investment Advisor (IA) and its latest turnover. The AR informed that as on date, the Noticee has stopped providing services and that the Noticee desires to obtain a Research Analyst (RA) license.

14. The AR mentioned that for the same set of violations, an adjudication order penalizing the Noticee has been passed. In this regard, the AR was asked whether the penalty amount has been paid. The AR informed that the Noticee has been granted time by SEBI until March 31, 2026 to make the penalty payment to SEBI along with interest. The AR was asked to provide the communication sent by SEBI referred above. However, it is noted that recovery proceedings are initiated by SEBI vide Notice of Attachment dated December 23, 2025. In view of the adjudication order and penalty levied, the AR prayed that no further action may be taken against the Noticee.

D. <u>CONSIDERATION OF ISSUES AND FINDINGS</u>

15. I have perused the Enquiry Report, SCN, reply of the Noticee and other material available on record. After considering the allegations levelled against the Noticee in the instant matter, the following issues arise for consideration:

Issue No. 1: Whether the Noticee has violated provisions of the SEBI Act, IA Regulations and PFUTP Regulations, as alleged in the SCN?

Issue No. 2: If yes, then what recommendation should be made under Regulation 26 of the Intermediaries Regulations?

16. Before proceeding, I find it appropriate to reproduce below the relevant provisions of the regulations and circulars alleged to have been violated by the Noticee:

SEBI ACT, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

…

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

…

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

…

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

[Explanation – For the removal of doubts, it is clarified that-

(i) any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company, or
(ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).]

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—
(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;

(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;

(s) mis-selling of securities or services relating to securities market;
Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—
(i) knowingly making a false or misleading statement, or

(ii) knowingly concealing or omitting material facts, or

(iii)knowingly concealing the associated risk, or

(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer

IA Regulations
Regulation 15- General responsibility.
(9) - An investment adviser shall abide by Code of Conduct as specified in Third Schedule.
Regulation 19- Maintenance of records.
(1) An investment adviser shall maintain the following records,-
(a)Know Your Client records of the client;
(b)Risk profiling and risk assessment of the client;
(c)Suitability assessment of the advice being provided;
(d)Copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board;
(e)Investment advice provided, whether written or oral;
(f)Rationale for arriving at investment advice, duly signed and dated;

(g)A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice."
THIRD SCHEDULE
CODE OF CONDUCT FOR INVESTMENT ADVISER
1. Honesty and fairness
An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.
8. Compliance
An investment adviser including its [partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.
SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.
Guidelines for Investment Advisers
https://www.sebi.gov.in/legal/circulars/sep-2020/guidelines-for-investment advisers_47640.html
SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024
https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-investment-advisers_83488.html
SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019
https://www.sebi.gov.in/legal/circulars/dec-2019/measures-to-strengthen-the-conduct-of-investment-advisers-ia-_45490.html

Whether the Noticee has violated provisions of the SEBI Act, IA Regulations and PFUTP Regulations, as alleged in the SCN?

17. The Noticee informed the DA, vide email dated February 14, 2025 that it has filed a settlement application with respect to the present proceedings. Subsequently, the said settlement application was rejected and Noticee was informed about the same vide letter dated June 25, 2025. The DA Report dated August 12, 2025 detailed the violations committed by the Noticee as under:

18. Following are the allegations made against the Noticee in the SCN-

    19.1 Noticee Charged fees without agreement and charged fees before entering into agreement.

19.1.1 During inspection it was observed that Noticee charged fees without agreement in 74 instances, charged fees before entering into agreement in 15 instances and in one instance Noticee charged fees and rendered investment advice without entering into agreement.

19.1.2 In view of the above, it was alleged that Noticee has violated Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/ CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024.

19.2 Noticee did not maintain records of call recording

19.2.1 During inspection it was observed that Noticee is not maintaining call records / record of interaction, of its clients.

19.2.2 In view of the above, it was alleged that Noticee violated Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/ DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024.

19.3 Noticee provided free trial

19.3.1 During inspection it was observed that Noticee offered free trial in one instance.

19.3.2 In view of the above, it was alleged that Noticee violated Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen The Conduct Of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024.

19.4 Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.

19.4.1 During inspection it was observed that Noticee promised guaranteed profit / assurances of loss recovery.

19.4.2 In view of the above, it was alleged that Noticee violated the provisions of Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b) and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations.

19. Vide email dated January 27, 2025 Noticee sought extension of time for submission of reply, in view of the same vide email dated January 27, 2025 the Noticee was granted time till time till February 14, 2025 for submission of reply. Vide email dated February 14, 2025, Noticee submitted its reply, the reply of the Noticee is summarized below-

1.1. ***Noticee charged fees without agreement and charged fees before entering into agreement:***

1.1.1. *In few cases the clients hesitate to physically sign the entire agreement and hence they confirm it over the email after reading the entire agreement which the Noticee believe to suffice with the intention of the law to make aware the investor/ client regarding the Investment Adviser, its activities and terms and conditions. Also, the clients do confirm the agreement through their registered email id which ensures the authenticity of the confirmation.*

1.1.2. *Further, there has been few/ minimal instances where the clients have made the payment prior to the signing of the agreement, however, in no case, services have been provided to the client prior to the execution of the agreement.*

1.2. ***Noticee did not maintain records of call recording:***

1.2.1. *The Noticee's interactions with the clients over telephonically is very negligible, reason being that the Noticee work only on the leads/clients obtained organically through google marketing or through his website. Thereafter the communication is done through email and the investment advice is rendered through SMS, the records of which are duly maintained and submitted to the inspecting authority at the time of inspection. Moreover, seldomly the*

Noticee converse with the clients telephonically, records of which were duly maintained by the Noticee, which the SEBI itself has referred in the Paragraph D of the SCN. Hence, it thus suffices that the Noticee is not in violation with the said provision.

1.3. ***Noticee provided free trial:***

1.3.1. *The said allegation is just based on a false complaint filed by Bindu Jacob. Apart from these SEBI has failed to establish any evidence in support of the said allegation.*

1.3.2. *The Noticee had in line with the compliance with the SEBI Circular dated December 27, 2019 had stopped offering free trials to the investors. Also, in the entire inspection period, SEBI could not find one instance wherein the Noticee had offered free trial.*

1.3.3. *The SEBI has just relied upon the baseless claim of the complainant without verifying the authenticity of the same. The said complaint was filed with a sole moto of harassing the Noticee. The entire contents of the complaint were false and misleading, the same was also acknowledged by the SEBI as a result of which the said complaint was closed by the SEBI stating that: "it appears that the complainant has done trades which are not in line with the recommendations made by the IA and there is no loss incurred by the complainant due to the recommendations given by the investment adviser. Accordingly, the complaint is disposed of." Hence, the over reliance of the SEBI upon false complaint does not constitute valid evidence in support of the alleged violation and henceforth in light of these explanations, the Noticee humbly requests that the alleged violation related to the free trial be dismissed.*

1.4. ***Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services:***

1.4.1. *He has not assured/ guaranteed returns rather he has provided the advisory services to the clients and have demonstrated that the clients can earn from their trading activities in the securities market.*

1.4.2. *Furthermore, in all the illustrated cases as mentioned in the SEBI's Notice, SEBI has just picked words such as: 'profit', 'returns' 'recovery' and has alleged that the Noticee has provided assurance returns, without listening the entire conversation. In all such cases, the said clients had faced losses and the employees by their statement just meant that they will try to recover* *the losses and had stated you could earn. in that regard, we would like to refer a similar case of recent time, wherein the SEBI has in the matter of 'Shrimoney Research Analyst' had concluded that 'RA clearly indicated that it would try to recover loss, and there is no guarantee/ assurance by the RA of the recovery of the loss'. Also, the Noticee has just stated the accuracy of his advice and past performances. Further, in no case the Noticee has stated that you will earn this much amount or this much percentage return you will achieve or you will make profit from the advice. Additionally, it is a general phenomenon that if a person had incurred losses, he wants to get his loss recovered.*

1.4.3. *Also, the Noticee has not made any such claims that, there will definitely be profit, which is definitely dependent upon many factors. Further, the SEBI itself in an Order passed by the Whole Time Member in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations.*

1.4.4. *Moreover, the Noticee has a practice of sending a mail to the clients while onboarding, which clearly states and its also mentioned upon the website that:*

1.4.4.1. With investing, your capital is at risk - please note Trade Nexa Investment Advisors does not provide any profit sharing services, guaranteed service and services, which are not mentioned in our website.

1.4.4.2. Stock market has inherent market risk, hence we do not claim any profit guaranteed services.

1.4.4.3. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

1.4.4.4. Investment in equity shares, futures, options and commodities has its own risks. Sincere efforts have been made to present the right investment perspective.

1.4.4.5. Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

1.4.4.6. Investment in market subjected to market risk, hence we don't offer any commitment services. You should therefore carefully consider your financial condition. These are leveraged products that carry a substantial risk of loss on your invested capital or money.

1.4.4.7. *Trading/Investing in share or commodity market may not be suitable for everyone, please ensure that you fully understand the risk involved and do not invest money if you cannot afford to lose.*

1.4.4.8. *Past performance does not guarantee future performance. Stock market has inherent market risk.*

1.4.5. *The Inspecting Authority has not adequately considered the aforementioned risk disclosures made on its website and in email communications with clients. This failure constitutes an incomplete assessment of the facts and potentially erroneous conclusions.*

1.4.6. *Regarding the alleged excerpts from WhatsApp chats mentioned in the Notice (paragraph 23), Noticee emphasizes that:*

1.4.6.1. *SEBI has selectively quoted excerpts from the entire conversation, failing to consider the entire context of the communication.*

1.4.6.2. *In the absence of forensic verification, the authenticity and attribution of the alleged chats to Noticee or its employees cannot be established.*

1.4.7. *Noticee contrasts the Inspecting Authority's reliance on unsubstantiated evidence with its own demonstrably concrete measures of risk disclosure, as evidenced by the website disclaimers and documented email communications with clients.*

1.4.8. *Furthermore, Noticee draws attention to the Order of the SEBI in the matter of Star World Research wherein it was held that:*

"The material on record does not indicate that the aforesaid emails addresses belonged to the Noticee. Further, the call recordings are not supported by any further examination. Hence, I am unable to rely on them to arrive at any finding of violation with respect to the making promises of assured or unrealistic return, as alleged". This precedent underscores the importance of verifiable evidence in such cases.

1.4.9. *Based on the aforementioned denials, clarifications, and supporting evidence, Noticee contests the serious allegations levelled against it in the Notice. Noticee urges the Inspecting Authority to conduct a thorough and unbiased re-evaluation of the matter, taking into account all relevant evidence and established legal precedents.*

1.4.10. *Further, with regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. In that regard the Noticee stated that if his intention was of* *defrauding the clients then he would not have opted SEBI registration and followed the requisite applicable compliances.*

1.4.11. *Based upon the definition of" fraud" as defined in regulation 2(1)(c) of the PFUTP Regulations, it can be construed that the definition of "fraud" under regulation 2 (c), is very wide and general in nature. The definition of" fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.*

1.4.12. *Further, the Noticee would also like to place the reliance on the following decision of the SEBI: Order in the matter of Star World Research; wherein in the exact same case it was held that "With respect to the definition of "fraud" under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2 (1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc., would not bring the Noticees acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee."*

1.4.13. *Also, the SEBI had in its Order in the matter of Niveshicon Investment Advisor had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed upon.*

1.4.14. *Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated January 04, 2022 in the matter of Ms. Suhanika Chourey,* *wherein the findings of PFUTP violations were set aside as there was no evidence brought out on record.*

1.4.15. *Hence, by following the principle of doctrine of Stare Decisis, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be remove upon from the Noticee.*

1.4.16. *The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security" and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/ services, improper risk profiling of the clients, promising/ assuring unrealistic return to clients. Hence, by following the principle of the stare decisis, the PFUTP violations shall be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.*

1.4.17. *The act of the Noticee during the course of business has been bona fide and in the best interest of its clients. Also, the Noticee has served thousands of clients, out of which only a few were dissatisfied or having grievances, which were duly solved in a timely manner. Further, the officers during the course of examination have checked very few samples, which was inclined towards the clients who have paid large amount of fees or were having any grievance. Hence, the sample data checked/ examined by the SEBI was not ideally distributed and had not taken into consideration relevant records, information and the Noticee's point of view. Further, there might be some instances wherein SEBI observed non-compliances, but if they look into the records shared by the Noticee along-with this reply, it is very clear that the Noticee has complied with the SEBI Regulation in the true letter and spirit of the law.*

1.4.18. *Also, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated 16.06.2011, in the matter of* ***Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011)****, it was held that "5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in* *regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/ deficiencies to the intermediary at the time of inspection and making it compliant. 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. For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs."*

1.4.19. *Also, the Noticee woud like to refer the order of the Hon'ble SAT in* ***Piramal Enterprises Limited v. SEBI*** *(Appeal No. 466 of 2016, date of Order – May 15, 2019) wherein the Hon'ble SAT has observed that imposition of penalty even meagre will leave an indelible mark and leave a blot on the appellant's spotless image. The Hon 'ble SAT also observed that if there is an infraction of a rule, remedial measures should be taken in the first instance and not punitive. Similarly, in the present matter, the Noticee has not committed grave and serious violations hence shall be issued a warning.*

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

1.5. **Noticee Charged fees without agreement and charged fees before entering into agreement.**

1.5.1. During inspection it was observed that Noticee charged fees without entering into agreement in 90 instances. Therefore, it was alleged in the SCN that Noticee has violated Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024, which provides that an investment adviser shall maintain copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board.

1.5.2. The DA noted that during inspection it was observed from the agreements that only Noticee has signed the agreements but signature of the client has not been obtained on the agreements which is akin to agreement not entered into as there has to be signed by both the parties to enter into an agreement. Further, it was observed that Noticee took payments from the clients even before entering into agreements with the clients.

1.5.3. The DA observed from the material available that in the following 74 instances either the agreement was not signed by the client/IA or no agreement was provided by the IA.

Sr. No.	Name Of The Client	No. of agreements not signed by the client	No. of agreements signed by the client but not IA	Agreement not provided/ No agreement
1	Jitendra Patel	2		1
2	Sasikanth Maddila	2		
3	A Parasuraman	3	1	1
4	Anoop Koormamthara	1		1
5	Gundluri Pradeep	2		
6	Chowdhury Rabiul Islam			1
7	Chirag K Tolani			5
8	Venkanagouda S Goudar		2	
9	Subburaj	1		1
10	Soumitra Aich	3		2
11	Sammed Sunil Umaje	2		
12	Akshay Chandrakant Walunj	1		1
13	Pawan Ganesh Birla	1		
14	Girraj Prasad Sharma			1
15	Kamal Ranjan Panda			1

16	Kheta Karashanbhai Marand	6		1
17	Mukul Kumar Jha	1		
18	Kumar Sendhil Krishnan	1		
19	Mareddy Sai Bharath Reddy	3		
20	Mohit Gupta	2		
21	Mayur Satish More	2		
22	Maulik Kamleshbhai Shekhada	3		
23	Pilla Venkatesh	2		
24	Niteshkumar Devjibhai Parmar	2		
25	Siraj			1
26	Dimpal Jetharam Kumavat			1
27	Manoj Kumar Tatwal			3
28	Praful Bhupendra Gori	3		
29	Merugu Durga	2		
30	Rajesha Prabhu Kundapura	5		
	Total	50	3	21

1.5.4. The DA further noted from the material that in following 15 instances, though the client had signed the agreement, the fees was collected by the Noticee before entering into an agreement (date of agreement and date of payment mentioned in the agreement are different). The date/time for collection of fee is taken as date of payment mentioned in the agreement.

Sr. No.	Name Of The Client	No of instances
1	Anoop Koormamthara	3
2	Chowdhury Rabiul Islam	1

3	Harsha Ganapati Gujgod	1
4	Chirag K Tolani	3
5	Suresh Srinivasan	1
6	Miral Bipinchandra Nanavati	1
7	Kamal Ranjan Panda	2
8	Pilla Venkatesh	1
9	Kavita Ashutosh Hatkar	1
10	Merugu Durga	1
Total		15

1.5.5. Further, the DA noted that SEBI received following complaint in SCORES against the Noticee -

S. No.	SCORES Complaint Number	Date of receipt of complaint	Name of Complainant
1	SEBIE/MP23/0000275/1	April 26, 2023	Binu Jacob

1.5.6. The DA noted from the agreement provided by the Noticee, that the agreements are not signed by the complainant Binu Jacob (hereinafter referred to as **complainant)** and without any signature, Noticee has charged fees from the complainant and has provided recommendations to the complainant. Agreement not signed by the client (complainant) is akin to agreement not entered and without entering into agreement with the client, Noticee charged fees and rendered investment advice to the client.

1.5.7. The DA noted that, Noticee's main submission has been that the clients hesitate to physically sign the entire agreement and hence they confirm it over the email after reading the entire agreement. Also, the clients do confirm the agreement through their registered email id which ensures the authenticity of the confirmation. In this regard, I note from the material available before me that the agreements were not signed by the clients of the Noticee and no documentary evidence is submitted by the Noticee in support of its contention, therefore, the aforesaid contention of the Noticee is not tenable.

1.5.8. The DA also noted that Noticee admitted occurrence of certain instances where the clients have made the payment prior to the signing of the agreement.

1.5.9. I note that, since Noticee has accepted that it charged fees without agreement and charged fees before entering into agreement, violation of Regulation 19(1)(d) of IA Regulations r/w clause 2(ii)(a)&(c) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(ii)(a) &(c) of I. Guidelines For Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/ 50 dated May 21, 2024 stands established.

1.6. **Noticee did not maintain records of call recording**

1.6.1. During inspection it was observed that Noticee was not maintaining call records/ record of interaction, of its clients, in violation of Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/ DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines For Investment Advisers contained in SEBI master circular SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024, which provides that IA shall maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to advice has taken place, inter-alia, in the form of Telephone recording.

1.6.2. The DA noted from the material available that during the course of onsite inspection, when the inspection team sought call records/ record of interaction, of its clients, the same were not made available to the inspection team and following was noted by the IA:

"Trade Nexa Research investment Adviser is not maintaining call records / record of interaction with its clients / investors and were not made available to

the inspection team when sought by them on March 05, 2024 during onsite inspection."

1.6.3. The DA noted that in reply to the SCN Noticee submitted that they do not maintain call recordings as their interactions with the clients over telephone is very minimal and the communication is done through email and the investment advice is rendered through SMS, the records of which are duly maintained and submitted to the inspecting authority at the time of inspection. However, there are no documents on record to show that the Noticee were maintaining records of their interaction with clients, as admitted by the Noticee in its reply to the inspection team. Further, no documents are submitted by the Noticee in support of its contention, therefore, the aforesaid contention of the Noticee cannot be accepted.

1.6.4. The DA noted that during the inspection period, Noticee was not maintaining call records/ record of interaction of its clients and thereby Noticee has violated Regulation 19 (1) of the IA Regulations r/w clauses 2(vi) (a-c) of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 r/w clause 1.2(vi)(a-c) of I. Guidelines for Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024.

1.6.5. The Noticee in its reply dated February 16, 2026 stated that the advice is rendered through SMS and the records are duly maintained and were submitted to the inspecting authority that is sufficient to prove that the Noticee is not in violation of the aforementioned provisions. It is noted that the Noticee itself admitted that they are not maintaining call records as required under the aforementioned regulations. However, the Noticee relies on the discovery of random mail records of a few clients by the inspecting team of SEBI and contends that the same shall be treated as compliance of the call records maintenance. The contention of the Noticee cannot be acceded to as it is apparent from the reply during post enquiry SCN that they do not maintain call records and on the contrary, calls upon to presume compliance on the basis of mere discovery of random email accounts during the inspection. Therefore, I concur with the DA that the Noticee has not adhered to the regulations related to maintenance of call records.

1.7. **Noticee provided free trial**

1.7.1. During inspection it was observed that Noticee offered free trial to the complainant, in violation of Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/ CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen the Conduct of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024 which provides that the IAs shall not provide free trial for any products/services to prospective clients.

1.7.2. The DA noted that in reply to the SCN Noticee submitted that the said allegation is based on a false complaint.

1.7.3. The DA noted from the material available before me that during inspection, it was observed from the Whatsapp chats between Noticee and the complainant that Noticee offered free trial to the complainant. Relevant excerpts of Whatsapp Chats are as under:

Relevant excerpts from Whatsapp Chats	Date
Complainant: What are your charges and how many days trial IA: Gm, 6k monthly Charge hai Starting Complainant: Trial for how many days IA: One day	16 January 2023

1.7.4. The DA noted that after offering free trial at 9:07 AM on January 16, 2023, Noticee provided a recommendation to the complainant on January 16, 2023 at 14:02

PM. After offering and providing free trial, Noticee took payment for the services from the complainant on January 20, 2023.

1.7.5. The DA noted that in reply to the SCN, Noticee submitted that the said allegation is just based on a false complaint, however I note that in the instant matter from the whatsapp chat available before me I note that Noticee offered one-day trial to the client. Therefore, the aforesaid contention of Noticee is devoid of any merit and hence not tenable.

1.7.6. In response to post enquiry SCN issued, the Noticee contended vide his reply dated February 16, 2026 that mere whatsapp chat record will not prove provision of free trial to the client and it has not violated but the same cannot be relied as the complaint against the Noticee itself is about providing free trial and the intentions of the Noticee are clear with the excerpts of whatsapp chat available on records. The contention of the Noticee is that the complaint is false whereas the whatsapp chat communication clearly demonstrates the intent of the Noticee in charging on monthly basis for which one day free trial was offered is a fact on record. Hence the conduct of the Noticee clearly denotes practices in contravention of the regulations and guidelines issued under the Master Circular of SEBI.

1.7.7. Based on the above, violation of Clause 1(i) of SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 r/w clause 2.1 of II. Measures to Strengthen the Conduct Of Investment Advisers of SEBI master circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/50 dated May 21, 2024 stands established.

1.8. **Noticee provided assurance of returns/loss recovery to its clients and knowingly misled/induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.**

1.8.1. During inspection it was observed that Noticee promised guaranteed profit / assurances of loss recovery. Therefore, it was alleged that Noticee violated the provisions of Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b) and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations which provides that an investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market. No person shall directly or indirectly buy, sell or otherwise deal in securities in a fraudulent manner and dealing in securities shall be deemed to be fraudulent if it is disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.

1.8.2. The DA noted that in reply to the SCN, Noticee submitted that he has not assured/ guaranteed returns rather he has provided the advisory services to the clients and have demonstrated that the clients can earn from their trading activities in the securities market.

1.8.3. The DA noted that the call recordings that the Noticee was promising assured returns to investors. In this regard, gist of sample five recordings are as follows –

Sr. No.	Recording Details	Relevant excerpts from Call recordings
1	recording-lite-1-TP114201149***70TP8	Me aapko profit nikal kar deti hu Market me, mein aapko acha result nikal kar dungi
2	recording-lite-1-TP114201267***70TP8	Aaj hi aapko 10k nikal kar aa jayega Me aapko profit de dungi Usme hum trade kar sakte he aaramase nikalte sakte he 5k-7k daily Aarama se recover kar lenge

3	recording-lite-1-TP114205021***70TP8	Basic services me month ka 30k-40k return Premium services ka return 80k-90k
4	recording-lite-1-TP114205226***70TP8	Acha returns nikalenge Daily ka profit 2k-3k nikal sakte he
5	recording-lite-1-TP116928308***70TP8	Me aapko profit karake deti hu Loss recover karake de denge

1.8.4. The DA noted that in reply to the SCN, Noticee submitted that SEBI itself in an Order passed in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations. In this regard, I note from the order dated February 08, 2022 in the matter of GRS solution, SEBI observed that without mention of any specific rate of return is mere representation about quality/ accuracy of his tips and does not amount to promising assured returns. However, in the instant matter, I noted from the call recordings that Noticee promised certain fixed amount of return to its clients. Therefore, the aforesaid contention of the Noticee is not tenable.

1.8.5. The DA also noted from the submissions of the Noticee that it had send an email to its clients while on boarding which clearly states that your capital is at risk and they do not claim any profit guaranteed services, and the same is also mentioned on their website. The AR of the Noticee reiterated vide his reply dated February 16, 2026 full compliance of the regulations of SEBI before the hearing proceedings in the matter. The Noticee contended that the disclaimers given to the clients clearly mentions risks associated with the trading in securities in broader lines. However, I note that while interacting with its clients, Noticee was promising assured return to its clients. Therefore, for the aforesaid contention of Noticee is devoid of any merits and the reply given by the Noticee is vague and general in nature.

1.8.6. Noticee also referred to the Order of the SEBI in the matter of Star World Research wherein it was held that: *"The material on record does not indicate that the aforesaid emails addresses belonged to the Noticee. Further, the* call *recordings are not supported by any further examination. Hence, I am unable to rely on them to arrive at any finding of violation with respect to the making promises of assured or unrealistic return, as alleged".*

1.8.7. In this regard, the DA noted from the material available before me that in the instant matter, during the course of onsite inspection, when the inspection team sought call records/ record of interaction, of its clients, the same were not made available to the inspection team and following was submitted by the Noticee among other things-

> *"However, during browsing of my email tradenexa@gmail.com by the inspection team, recordings of interaction with investors emailed to me by my ex-employee Anubha Sharma from her email address anubhasharma456@gmail.com on October 30 and 31, 2023, who was interacting with the investors on behalf of Trade Nexa Research Investment Adviser, was found by the inspection team. The emails with attachments of call recordings of the investors enclosed in the emails by Anubha Sharma were forwarded to email sebiwro.ilo@gmail.com."*

1.8.8. Therefore, on the basis of above statement of Noticee during inspection, the DA observed that the call recordings in the instant matter was forwarded by the Noticee itself to the SEBI inspection team. Hence the reference of the Noticee to the order of SEBI in the matter of Star world research is devoid of any merits as the call recordings were obtained from Noticee itself.

1.8.9. Noticee also submitted that the definition of "*fraud*" alone does not bring an act within the purview of PFUTP Regulations. There has to be *"dealing in securities"* as defined under regulation 2(1)(c) of PFUTP Regulations. In this regard, DA noted that Regulation 4(2)(k) provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.

1.8.10. In the matter of Dewan Housing Finance Corporation Limited (DHFL), established under the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations), it was held that fraud includes the active concealment of facts, deceptive financial misstatements, and artificial manipulation of books to mislead public investors. The material evidence available on record is sufficient to draw a conclusion that the activities of the Noticee amount to fraud within the meaning and spirit of Regulation 2(1)(c) of PFUTP Regulations as in the instant matter by promising assured return, Noticee knowingly misled/ induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services. Therefore, I note that the Noticee dealt in securities in the fraudulent manner and the aforesaid contention of the Noticee is not tenable. Even during the stage of post enquiry SCN the Noticee has stated that they have not provided any assurance on the quantum of returns as a promise and the communications clearly states that they have given disclaimer to the clients regarding all the risks associated in the securities market. However, the material available on record in the form of whatsapp chats with respect to promise of guaranteed profit and/or loss recovery points contradicts the contentions of the Noticee.

1.8.11. The DA observed from the above that Noticee provided assurance of returns/ loss recovery to its clients. The said statements cannot be said to be merely marketing gimmicks and are in the nature of promising assurance of returns/ loss recovery and thereby, I observe that Noticee knowingly misled/ induced its clients which is likely to influence the decision of clients dealing in securities and engaged in mis-selling its services.

1.8.12. Therefore, the Noticee has violated the provisions of Regulations 3 (a)(b)(c)(d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations r/w sections 12 A(a), (b) and (c) of SEBI Act and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations for assuring returns to its clients on call.

ISSUE No. II: If yes, then what recommendation should be made under Regulation 26 of the Intermediaries Regulations?

20. The DA noted 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. As per available records, it is noted that a penalty of Rs. 7 lakhs was imposed by SEBI in adjudication proceedings initiated by SEBI.

E. <u>CONCLUSION</u>

21. For the reasons mentioned in the preceding paragraphs, I find that that the Noticee has violated provisions of Regulation 3(a), (b), (c), (d), 4 (1) and Regulation 4(2)(k), (o) and (s) of PFUTP Regulations, 2003 r/w Sections 12A(a), (b) and (c) of SEBI Act

and Clause 1 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations for assuring returns to its clients on call.

22. I note that an Adjudication Order dated August 13, 2025 has been passed against the Noticee which imposed a monetary penalty of INR 7 Lakh for the same set of violations as alleged in these proceedings however the Noticee could not give any confirmation of payment of the said penalty imposed by the AO vide order No. Order/AK/GN/2025-26/31587 dated August 12, 2025. The Noticee has failed to pay the penalty imposed by the AO within the stipulated time and therefore separate recovery proceedings had to be initiated for recovery of dues of penalty vide Notice of Attachment dated December 23, 2025. During the course of the hearing proceedings, the AR of the Noticee submitted that the Noticee has been granted time by SEBI until March 31, 2026 to make payment of penalty along with interest. The AR was advised to provide the communication sent by SEBI in this regard. However, there has been no response from the Noticee even after repeated reminders. This shows the callous attitude of the Noticee in complying with orders passed by SEBI.

23. The Noticee submitted that since he has already been imposed penalty under adjudication proceedings, no further action should be taken against him for the same violations, as that would amount to double jeopardy. In this regard, I note that Enquiry and Adjudication proceedings are separate and independent of each other. Even if penalty is imposed, directions under Section (3) of Section 12 of the SEBI Act can also be passed.

24. I find that the DA has recommended issuance of regulatory censure. However, I do not agree with the DAs recommendation in the facts and circumstances of the case.

Considering the same, I am of the view that the regulatory censure would not be the sufficient penalty.

F. ORDER

25. In view of the foregoing, I, in exercise of the powers conferred upon me under sub section (3) of Section 12 and Section 19 of the SEBI Act, 1992 read with the sub-regulation (5) of regulation 27 of the Intermediaries Regulations, hereby direct that the Noticee M/s Trade Nexa Research Investment Advisor (SEBI Registration No: INA000009083) is prohibited from taking new clients for a period of one month from the date of this order.

26. The Order shall come into force with immediate effect.

27. A copy of this order shall be served upon the Noticee and on BSE Limited (being the Investment Advisers Administration and Supervisory Body) for its information and record.

Biju S

Digitally signed by Biju S
Date: 2026.08.21 12:04:53 +05'30'

Date: August 21, 2026
Place: Mumbai

BIJU S.
QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA