WTM/MPB/NRO/ 154 /2018

SECURITIES AND EXCHANGE BOARD OF INDIA

***EX PARTE - AD- INTERIM* ORDER**

UNDER SECTIONS 11(4), 11B AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 35 OF SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008. IN RESPECT OF

1) FICUS SECURITIES PVT. LTD. (PAN- AAACV0429K)
2) FICUS COMMODITIES PVT. LTD. (PAN- AABCV4377P)
3) MR. VINOD KUMAR BANSAL (PAN- AAGPB8255Q)
4) MR. SURENDER SINGH (PAN- EFTPS4215D)
5) MS. NEENA BANSAL (PAN- AIDPB7112P)
6) MR. PRASHANT KUMAR NAYAK (PAN- AFTPN9303D)
7) MS. POONAM RAJBHAR (PAN- AGQPR0343D)
8) MS. TRIPTA KAPOOR (PAN- ASVPK5946Q)
9) MS. SHABNAM JOHN (PAN- AGUPJ1830F)

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1. Ficus Securities Private Limited. (hereinafter referred as 'FSPL'/ 'Ficus'/ 'Broker'/) having its registered office at 805, Indra Prakash Building, Connaught Place, New Delhi-110001 is registered with SEBI in following categories:
    a) As a stock broker of equity segment of National Stock Exchange of India Ltd. (NSE) (Registration number: INB231298630),
    b) As a stock broker in equity derivative segment of NSE (Registration number: INF231298630)
    c) As a stock broker in Currency Derivative Segment of NSE (Registration number: INE231298630)
    d) As a stock broker in equity segment of Bombay Stock Exchange Ltd. (BSE) (Registration number: INB011298636)
    e) As a stock broker in equity derivative segment of BSE (Registration number: INF011298636)
    f) As a stock broker in equity segment of Metropolitan Stock Exchange of India Ltd. (MSEI) - formerly known as MCX-SX (Registration number: INB261298633)

g) As a stock broker in equity derivative segment of MSEI (Registration number: INF261298633)
h) As a stock broker in Currency Derivative Segment of MSEI (Registration number: INE261298630)
i) As a stock broker in Interest Rate Derivative Segment of MSEI- formerly known as MCX-SX (Registration number: INE261298630)
j) As a Depository Participant of Central Depository Services Ltd. (CDSL) (Registration number: IN-DP-52-2015).

2. Ficus Commodities Pvt. Ltd.(FCPL) having its registered office at 802, Indra Prakash Building, Connaught Place, New Delhi-110001 is registered with SEBI as a commodity derivatives broker of Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (Registration number: INZ000086237).

3. The FSPL's and FCPL's summary of directorship and tenure is as under:

S. No	**Entity Name**	**Tenure of the Directors**
A	**Ficus Securities Private Limited**	
1	**Present Directors**	
a.	Mr. Vinod Kumar Bansal	14/04/2003-till date
b.	Mr. Surender Singh	02/11/2017- till date
2	**Past Directors**	
a.	Neena Bansal	16/04/1992 to 02/11/2017
B	**Ficus Commodities Private Limited**	
1	**Present Directors**	
a.	Mr. Prashant Kumar Nayak	30/12/2017-till date
b.	Mr. Surender Singh	02/11/2017- till date
2	**Past Directors**	
a.	Ms. Poonam Dubey (as per MCX records) Ms. Poonam Rajbhar (as per MCA records) (AGQPR0343D)	30/09/2009 to 03/11/2017
b.	Ms. Tripta Kapoor (ASVPK5946Q)	06/10/2006 to 03/11/2017
c.	Ms. Shabnam John (AGUPJ1830F)	12/06/2006 to 30/12/2017

4. The shareholders of FSPL are as under:-

Name	**Shareholding Pattern**	
	No. of shares	**% of holding**
Votary Investments Pvt. Ltd.("VIPL") **Promotes of VIPL:** Mr. Vinod Kumar Bansal (63.33%) Ms. Neena Bansal (36.67%) **Directors of VIPL** Mr. Vinod Kumar Bansal and Mr. Surender Singh **Past Director of VIPL** Ms. Neena Bansal (30/03/2001 to 02/11/2017)	61,07,000	100% (only 1 share is held by Mr. Vinod Bansal)

5. The shareholders of FCPL are as under:

S. No.	**Name of the Shareholder**	**Number of Shares held**	**% of Shares**
1	Ms. Shabnam John	1,58,100	51
2	Ms. Tripta Kapoor	1,51,900	49

6. Vide email dated August 01, 2017, NSE forwarded to SEBI the inspection report of FSPL wherein, NSE made several adverse observations against the broker inter alia; observing *improper use of clients funds & securities, non-settlement of client accounts, difference between quantity of securities between back office register of securities and holding statement of beneficiary accounts, margin collected from clients was not correctly reported to exchange in FO segment, etc.* The observations of NSE's inspection are, *inter alia,* as under-

   a) **<u>Improper use of Clients securities:</u>**

   - In case of 23 sample instances amounting to Rs. 1.50 crores, trading member has sold securities in proprietary code without actually possessing the same. However, since the pay-in has been made successfully for those transactions, it prima facie appears that client securities have been utilised for meeting the pay-in obligation.

- It is observed that trading member has a practice of transferring clients' securities from client beneficiary accounts to Globe Fincap Limited for the purpose of pledging client securities. In some instances, it is observed that the shares were released back from M/s Globe Fincap Limited to client beneficiary account no. 12020600-00448228 (which is not declared to the Exchange), from where these securities were sold through another member i.e. Globe Capital Market Ltd. in BSE. This has been noted in case of 6 sample instances amounting to Rs. 2.72 crores. The funds received from the sale of such securities were utilised either for repayment of loan with M/s Globe Fincap Limited or meeting pay-in obligations.

b) **Unexplained use of funds raised by pledging of client securities**

- On verification of bank accounts, clients' financial ledgers and beneficiary accounts maintained by trading member, it is observed that trading member has pledged client securities with Globe Fincap Limited, IL&FS and Aditya Birla Finance Ltd. during the inspection period. The maximum overdraft is observed to have been availed on December 31, 2016 amounting to Rs. 2.59 crores during the inspection period.
- It is observed that in case of 145 clients, funds raised by pledging their securities were in excess of their obligation to an extent of Rs 0.94 crores.

c) **Actual Settlement of client accounts not done**

- Based on the examination of client ledgers submitted by trading member, it is observed that trading member has not done actual settlement of funds & securities (on monthly / quarterly basis) in case of 87 instances pertaining to 50 clients out of 100 instances verified pertaining to 50 sample client.
- Further on verification of trial balance and register of securities as on December 31, 2016, it is observed that trading member has not settled funds & securities amounting to Rs. 52.79 lacs of 106 clients who have not traded in the preceding 3 months.

d) **False reporting of Margin collected from clients in CD and FO segments**

- From the records produced and other submissions made by the trading member, it was observed that the trading member has incorrectly reported

margin collected from clients trading in Future & Option segment in case of 15 instances amounting to Rs. 2.47 Crs.

- From the records produced and other submissions made by the trading member, it was observed that the trading member has incorrectly reported margin collected from clients trading in currency derivatives segment in case of 10 instances.

e) **Receipt & payment of funds from/to FCPL:-**

From the records produced and other submissions made during the inspection, it is observed that trading member has received funds amounting to Rs. 21.20 crores in client bank account from group company- FCPL and have made payments amounting to Rs. 25.30 crores to said entity during the period January 01, 2016 to December 31, 2016.

f) **Non-disclosure of DP account details to the Exchange**

On verification of beneficiary accounts, it is observed that trading member has maintained two DP accounts that have not been declared & reported to the exchange. Details of such undisclosed demat accounts are as under:-

DP NAME	Account no.	Type of account
IL&FS Securities Services Limited	IN300095-11465666	Client beneficiary
Globe Capital Market Limited	12020600-00448228	Client beneficiary

g) **Dealing with another Trading Member for transactions in proprietary account in another Exchange without prior intimation**

On verification of transaction statement of client beneficiary account no.12020600-00448228, it was observed that trading member has dealt with another trading member (Globe Capital Market Ltd) for proprietary trading in BSE. It is however noted that trading member has not provided any intimation to the exchange in this regard.

h) **Contract Notes were not issued to Clients:**

On comparison of trade data of exchange with contract note file of trading member, it was observed that trading member has transferred trades executed for PRO to clients and vice versa.

i) **Balances in bank account were not sufficient to cover client credit balances**

- On verification of trial balance dated Dec 31, 2016, it was observed that trading member had trade payables (creditors) amounting to Rs. 5.09 Cr. It was further observed that the total funds available with the member (including bank balances, exchange deposit in excess of minimum required and Fixed deposit receipts) was Rs. 3.28 Cr.
- Prima facie, it appears that trading member does not have adequate funds available to pay off their creditors. There is shortage of Rs. 1.80 Cr to pay creditors.

7. Thereafter, SEBI, in exercise of its power under Section 11(2)(i) of SEBI Act, 1992, vide letter dated August 30, 2017, sought information from FSPL regarding value of securities, funds, details of all bank a/c, demat a/cs, trial balance, etc. In response thereto, vide letter dated September 07, 2017, FSPL sought extension till September 15, 2017 for submission of required information, which was granted.

8. Vide letter dated September 15, 2017 (received by SEBI on September 18, 2017), FSPL submitted certain information. Since FSPL did not submit the complete information sought, it was called for a meeting at SEBI's office on October 04, 2017. However, despite reminders, the said meeting was not attended by anyone from FSPL.

9. In the meantime, NSE also informed that despite regular follow-ups and reminder mails/ letters to FSPL for submitting the reply, FSPL did not submit any reply. In view of the same, FSPL was called for a meeting at NSE's office on Sep 15, 2017 to discuss status of observations and again on Sep 20, 2017 to discuss plan of action for recouping the shortfall of clients' funds and securities. In this regard, NSE's Internal Committee for Minor Actions (ICMA) in its meeting held on September 21, 2017

decided that in order to protect the interest of investors, FSPL be prohibited from undertaking new client registration with immediate effect till further notice.

10. Based on the above mentioned meeting held with the FSPL on September 20, 2017, FSPL gave NSE a written undertaking on September 29, 2017 along with the confirmation mentioning the proposed dates for settlement of all the clients' accounts (funds and securities). The undertaking stated, *inter alia*, as under:

> *"….Settlement of all clients' accounts on a monthly basis for Rs. 2.5 cr. every month starting from Oct 31, 2017 till 31 Jan, 2018 and release of securities pledged on monthly basis for Rs. 0.75 Cr, every month starting from 31 Oct, 2017 to 31 Dec, 2017.*
> *Use the assets of Ficus Securities Private Limited to meet any of the clients' liability…"*

11. Thereafter, on account of the following, the matter was again placed by NSE before ICMA on November 1, 2017:

    i. *Non submission of any confirmation w.r.t settlement of clients' account and release of Clients' securities pledged for the first proposal ending October 31, 2017;*
    ii. *Non submission of any reply on the Letter of Observation;*
    iii. *And high value complaints received by Exchange on October 31, 2017*

12. The ICMA after consideration referred the matter to its Disciplinary Action Committee (DAC). ICMA also considered the inspection's observations and decided that a Show Cause Notice (SCN) be issued to FSPL. Accordingly, based on the observations of the inspection, a SCN was issued to FSPL by NSE on November 16, 2017 calling it to show cause as to why necessary disciplinary action including monetary penalty/suspension/ expulsion in accordance with NSE Rules, Regulations and Bye laws should not be initiated against it along with documents to be submitted by November 26, 2017.

13. A few days after the issuance of SCN, on account of non-availability of admissible amount of the investor complaints, NSE disabled the terminal of FSPL as a member w.e.f. Dec 05, 2017.

14. Subsequently, on December 08, 2017, the matter was placed by NSE before DAC and FSPL was called for personal hearing. FSPL, vide their mail dated December 07, 2017 expressed its inability to attend the meeting on health grounds (of the key personnel) and sought some time for submission of reply to the SCN. DAC on considering the request of FSPL decided to give final opportunity for submission of reply by December 21, 2017. The same was communicated to FSPL by NSE vide letter dated December 11, 2017. FSPL vide its mail dated December 21, 2017 provided reply to the SCN. However, the said reply was incomplete and was not supported by relevant documentary evidences. Further, FSPL had also not provided any proof for settlement of clients' accounts as per the proposal mentioned in the above mentioned undertaking.

15. In the meantime, SEBI received 2 complaints from the investors of FSPL alleging that FSPL has not paid an amount of Rs. 3 crore awarded to the investors in NSE's Investor Grievance Redressal Panel (IGRP) and FSPL has transferred the securities from his account to the broker's personal demat account which amounted to Rs. 5 crore. Upon inquiring about the matter, NSE informed that the deposits of FSPL with it are insufficient to meet the said claims.

16. Since it appeared that the claim amount was already Rs. 8 crore and FSPL would not be able to provide any further funds to the Exchange, an inquiry was made with CDSL about the securities held in FSPL's own demat accounts. In this regard, CDSL informed that in the broker's own demat accounts (14 in total), the combined value of securities was only Rs.14,51,958.13.

17. Thereafter, the matter was once again placed before NSE's DAC in its meeting held on Jan 12, 2018 and FSPL was called for personal hearing. Once again, FSPL vide its e-mail dated January 11, 2018 communicated the inability of Mr. Vinod Kumar Bansal to attend the meeting on health grounds and represented that Mr. Mayur Bansal (nephew of Mr. Vinod Kumar Bansal) will attend the meeting on his behalf. Accordingly, the meeting was attended by Mr. Mayur Bansal. After consideration of the matter, the DAC decided that FSPL be declared as a defaulter and be expelled in all segments w.e.f. March 5, 2018.

18. SEBI also conducted a surprise inspection of FSPL at its registered office address at "805, Indraprakash Building, Barakhamba Road, New Delhi-110001". The main observations of the inspection are, *inter alia*, as under-

i. *The Broker was not available on the aforesaid address. A notice mentioning "805 ficus shifted to 810" was pasted on the main door of 805 premise.*
ii. *Only 5 employees, doing mutual fund distribution related work, were present. Upon enquiring about the director and other employees, one of the employee, informed that Mr. Vinod Kumar Bansal (Director of FSPL) is out somewhere and will not be able to come to office. Further, it was also informed that the compliance Officer, Mr. Pradeep and many other employees have left their jobs few days back.*
iii. *Upon inspection team's request, one of the employees Ms. Shabnam provided access to the back office and the data like trail balance, clients' legers, Client master, etc. for the period from 01.04.2015 to till date of inspection i.e. from April 01, 2015 till January 23, 2018 retrieved in the presence of the employees.*
iv. *Subsequently, FSPL was asked to provide certain information/details.*

19. The data which was extracted from the back office of FSPL was also analysed, and the following was observed:-

a) <u>Non-availability of funds</u>

- As per FSPL's trial balance dated January 23, 2018. The position of total creditors and debtors is as under:

Account Head Name	**Amount (**Rs.**)**
Creditors	363,192,591.64
Debtors	17,868,292.35

- In view of the observations made by NSE regarding misuse of client's funds, and in order to verify the total funds available with the broker as on date, the bank statements for the period of April 1, 2015 to January 31, 2018 were sought from HDFC bank for the below mentioned bank accounts. The total availability of funds in broker's bank a/c(s) as on January 31, 2018 is as follows-

Name of the Bank a/c	**Bank account no.**	**Amount (**Rs.**)**
HDFC NSE Client A/c	00030340030695	124.73
HDFC NSE Business	00030340025552	439.63

HDFC NSE CD Client A/c	0030340036361	148.42
HDFC NSE Clearing A/c	00990610008376	0.00
HDFC Mutual Fund Sett A/C	90090610010177	46.42
HDFC NSE Client A/C	05982340006283	298.55
	Total	**1057.75**

- Further, NSE informed that as on date, the total funds available with the clearing member of FSPL and Exchange is as under-

Account Head Name	**Amount (Rs.)**
Funds	95,226.64
IFSD	200,000.00
FDR	800,000.00
NSCCL Security Deposit	1,500,000.00
NSE F&O	2,500,000.00
NSE Security Cash	11,000,000.00
Total	**1,60,95,226.64**

- Hence, the total funds shortage is as under-

	Account Head Name	**Amount (**Rs.**)**
A	Funds with clearing member	10,95,226.64
B	Bank balance as per bank statement	1,057.75
C	Deposit with NSE	1,50,00,000.00
D	Total funds available (A+B+C)	1,60,96,284.39
E	Creditors	36,31,92,591.64
	Shortage of funds (D-E)	**-34,70,96,307.25**

- Therefore, due to shortage of funds of Rs. 34.71 crore, FSPL seems to be not in a position to pay funds of the clients who are demanding the same from it.

b) <u>Non-availability of securities</u>

- In view of the observations made by NSE regarding misuse of client's securities and in order to verify the availability of securities, the demat holding and

transaction statements as on January 31, 2018 were sought from NSDL and CDSL.

- In response, CDSL informed that FSPL maintains 7 demat a/c with CDSL. NSDL informed that though FSPL is not its Depository Participant, but 5 Beneficial Owner (BO) accounts & 03 Clearing Member (CM) pool accounts are found to be held in the name of FSPL with Participants of NSDL.

- Upon analysis of data, it is observed that FSPL has been pledging the securities with Globe Fincap Limited (GFL) and Aditya Birla Capital (ABC). Hence, the details of securities pledged, summary of collateral, ledgers etc. were sought from GFL and ABC. Both the entities informed that as on date there is no outstanding loan / securities pledged by FSPL.

- Further, the scrip-wise breakup of all the securities as per register of securities (ROS) was sought from NSE. The total value as per ROS as available is around Rs. 29.6 Crores. In view of the above, the position of securities of FSPL is as under:

Account Head Name	**Amount (**Rs.**)**
Value of client securities as per ROS	29,59,37,882.44
Value of client securities available in beneficiary accounts and clearing member	9,74,491.44
Non availability of client securities	**29,49,63,391.00**

- From the above it is observed that, client securities to the extent of Rs. 29.50 crores held in the various demat a/cs are not available.

c) <u>Transfer of funds between FSPL and FCPL</u>

- During the period from April 2015 to January 31, 2018, FSPL from its HDFC A/C NO. 00030340025552 (OWN A/C) and 00030340030695 (CLIENT A/C) (NSE) transferred Rs. 87.18 Crores to FCPL's HDFC a/cs (nos.

00030340037043 and 00030340037036) and during the same period, FCPL transferred Rs.79.48 Crores to FSPL.

- It is further observed that, FCPL is a client of FSPL (UCC - C0028) but had not done any trading from the period from April 2015 till December 2016. However, during this period itself, FSPL transferred Rs. 54.01 crorre to FCPL and received 45.51 crore from FCPL. Since the client had not traded, the need for funds being transferred to/ from FSPL's account for trading related matters does not arise.

20. In view of the above observations of SEBI and NSE's observations noted above, it prima facie appears that FSPL committed the following violations: -

a) *By not disclosing all its DP a/cs to the Exchange, FSPL is in violation of clause 2.2 of annexure of the SEBI Circular SEBI/HO/MIRSD/MIRSD2/ CIR/P/2016/95 dated September 26, 2016 and the provisions of Clause A (1) (4) and (5) of the Code of Conduct prescribed for the stock brokers under the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.*

b) *By not doing segregation of clients funds from own funds, FSPL is in violation of SEBI Circular SMD/SED/CIR/93/23321 dated November 18, 1993 and Clause 15 of Rights and Obligations document for Stock Broker, Sub-brokers and Clients as prescribed by SEBI vide its circular no. CIR/MIRSD/16/2011 dated August 22, 2011.*

c) *By transferring clients' funds to FCPL, FSPL is in violation of SEBI Circular no. SMD/SED/CIR/93/23321 dated November 18, 1993 and Clause 15 of Rights and Obligations document for Stock Broker, Sub-brokers and Clients as prescribed by SEBI vide its circular no. CIR/MIRSD/16/2011 dated August 22, 2011.*

d) *By not doing settlement of client's funds and securities, as can also be seen from pending investor grievance, FSPL is in violation of Clause 12 of SEBI circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 and Clause 31 of Rights and Obligations document for Stock Brokers, Sub-Brokers and Clients as prescribed by SEBI vide its circular no. CIR/MIRSD/16/2011 dated August 22, 2011.*

e) *By raising funds by pledging clients' securities FSPL has violated the provisions of Clause A(1) and (5) of the Code of Conduct prescribed for the stock brokers under the SEBI (Stock Brokers and Sub-brokers) Regulation, 1992*

f) *By not reporting correct margin to Exchange in CD and FO segment, FSPL is in violation of provisions of SEBI Master Circular on "Matters relating to Exchange Traded Derivatives" dated April 1, 2013 read with NSE Circular No. NSE/INSP/19583 dated December 14, 2011 and provisions of Clause A (1), (2) and (5) of the Code of Conduct prescribed for the stock brokers under the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.*

21. It was also observed during the inspection / examination that FSPL and FCPL are *prima facie* connected to each other on account of the following factors:

    a. FSPL and FCPL have a common website i.e. http://ficuswealth.com.

    b. They also have the same registered office as per the MCA records.

    c. Upon perusal of MCA website it is observed that, Mr. Surender Singh is the common director of both FSPL and FCPL.

    d. Ms. Neena Bansal, who is the promoter and ex-director of FSPL, was also the promoter of FCPL as she had subscribed to its memorandum of association at the time of its incorporation.

    e. There were huge fund transfers between FSPL and FCPL which prima facie did not entirely relate to trading. In the accounts of FSPL there is a debit balance of Rs. 7,69,98,468.20 in the name of FCPL.

22. From the above, it appears that FSPL and FCPL were related entities. As noted above, In the accounts of FSPL there is a debit balance of Rs. 7,69,98,468.20 in the name of FCPL. The fact that the accounts of FSPL have insufficient funds/securities to meet the claims of the investors and that funds have been inexplicably transferred from FSPL's accounts to FCPL's account, give rise to the prima facie inference that funds belonging to investors were transferred from FSPL to FCPL.

23. It is relevant to mention that FCPL on February 23, 2018 has made an application to MCX and NCDEX for surrender of its certificate as a commodities broker. Thus, pending the process of surrender, in accordance with the set practice, the terminal of FCPL has been disabled by MCX and NCDEX.

24. I note that Mr. Vinod Kumar Bansal and Mr. Surender Singh are the present directors of FSPL. Ms. Nena Bansal ceased to be Director of FSPL with effect from 02/11/2017. However, she was acting as a director of FSPL when the violations observed above were going on. As regards FCPL, Mr. Prashant Kumar Nayak and Mr. Surender Singh are presently its directors whereas its past directors namely, Ms. Poonam Rajbhar, Ms. Tripta Kapoor and Ms. Shabnam John have resigned but they were directors of FCPL during the period when the above discussed acts/omissions took place and are still ongoing.

25. Any Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. In terms of section 179 of the Companies Act, 2013, the Board of Directors of a company shall be entitled to exercise all such powers and do all such acts and things as the company is authorized to exercise and do. Therefore, the Board of Directors being responsible for the conduct of the business of a company are liable for any non-compliance of law and such liability shall be upon the individual directors also. Hon'ble Supreme court while describing what is the duty of a Director of a company held in *Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602* that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provided against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially. Further, in cases of fraud, it is settled position of law, the corporate veil can be lifted and the directors can be held liable for the fraud of the Company.

26. A person acting as a securities market intermediary is expected to protect the interest of investors in the securities market in which he operates. Such a person is required to maintain high standards of integrity, promptitude and fairness in the conduct of his business dealings, and not be motivated purely by prospects of financial gain.

27. As a regulator of the capital markets, SEBI has the duty to safeguard the interest of investors and protect the integrity of the securities market. Since the conduct of FSPL, FCPL and their directors is not in the interest of investors in the securities market, necessary action has to be taken against them immediately, else it may lead to loss of investors' trust in the securities market. I am also convinced that this is a case where effective and expeditious action is required to be taken not only to prevent any further harm to investors but also to prevent the ongoing violations.

28. Pending detailed inquiry, in view of the liabilities of FSPL and FCPL and transfer of clients' funds and securities from FSPL to FCPL it is also essential to take urgent steps to prevent FSPL, FCPL and its present / past directors not to alienate any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous.

29. Further, in order to maintain the *status quo*, pending detailed inquiry, I also find it appropriate that the holdings of the financial assets of FSPL and FCPL are also impounded.

30. It is noted that Mr. Vinod Kumar Bansal and Ms. Neena Bansal are the promoters of VIPL, which in turn holds 100% shares of FSPL. Further, Mr. Vinod Kumar Bansal has been the director of FSPL since 14/04/2003 and Ms. Neena Bansal was the director of FSPL from 16/04/1992 to 02/11/2017. Mr. Vinod Kumar Bansal and Ms. Neena Bansal were also the designated directors of FSPL during the referent period and have also been managing the day to day affairs of the company including overseeing the regulatory compliance and corresponding with the stock exchanges. From the analysis of bank accounts of FSPL, it is observed that during the period April 1, 2015 to January 31, 2018, Rs. 1,44,01,041.15 and Rs. 11,50,666.52 appeared as debit balances in the accounts of FSPL in the name of Mr. Vinod Kumar Bansal and Ms. Neena Bansal, respectively. Further, Ms. Neena Bansal was also the promoter of FCPL as she had subscribed to its Memorandum of Association at the time of its incorporation. Their association with FSPL and FCPL and the position particularly in FSPL *prima facie* shows that they had an active role in the acts and omissions of FSPL discussed hereinabove. In view of the *prima facie* non-compliances, misconduct and failure to repay the investors, pending detailed inquiry, it is also appropriate that the holdings of the financial assets of Mr. Vinod Kumar Bansal and Ms. Neena Bansal are also frozen in order to maintain the *status quo.*

31. In view of the above, I, in exercise of powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4), 11B and 11D of the SEBI Act, 1992, Regulation 35 of Securities And Exchange Board Of India (Intermediaries) Regulations, 2008, by way of this *ex parte - ad- interim order*, hereby issue the following directions:

a. Ficus Securities Pvt. Ltd., Ficus Commodities Pvt. Ltd., Mr. Vinod Kumar Bansal, Mr. Surender Singh, Ms. Neena Bansal, Mr. Prashant Kumar Nayak, Ms. Poonam Rajbhar, Ms. Tripta Kapoor and Ms. Shabnam John are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever, till further directions;
b. The aforesaid entities and persons shall cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever till further directions;
c. The aforesaid entities and persons are directed to provide a full inventory of all their assets, whether movable or immovable, or any interest or investment or charge in any of such assets, including details of all their bank accounts, demat accounts and mutual fund investments immediately but not later than 5 working days from the date of receipt of these directions.
d. The aforesaid entities and persons are directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge in any of such assets excluding money lying in bank accounts except with the prior permission of SEBI.
e. Till further directions in this regard, the assets of these entities shall be utilized only for the purpose of payment of money and/or delivery of securities, as the case may be, to the clients/investors under the supervision of the concerned stock exchange(s).
f. The depositories are directed to ensure that no debits are made in the demat accounts, held jointly or severally, of the aforesaid entities and persons except for the purpose mentioned in sub-para (e) after confirmation from the concerned stock exchange in this regard.
g. The banks are directed to ensure that no debits are made in the bank accounts held jointly or severally by Ficus Securities Pvt. Ltd., Ficus Commodities Pvt. Ltd., Mr. Vinod Kumar Bansal and Ms. Neena bansal except for the purpose of payment of money to the clients/investors under the written confirmation of the concerned stock exchange(s).

h. The above directions are without prejudice to the right of SEBI to take any other action that may be initiated in respect of aforesaid entities/persons.
i. Since FSPL is a DP with CDSL having Registration no. IN-DP-CDSL-487-2008, CDSL is also directed to closely monitor the activities of FSPL as a DP.

32. The findings recorded in the order are based on the *prima facie* examination of facts and *prima facie* violation of law.

33. This order shall come into force with immediate effect. A copy of this order shall be forwarded to all the Stock Exchanges, the relevant banks and the Depositories to ensure that the directions given above are strictly complied with.

34. The entities/persons against whom this Order is being passed may file their objections, if any, within twenty one (21) days from the date of this Order and, if they so desire, may avail themselves of an opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot No.C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 on a date and time to be fixed on a specific request in writing, to be received in this regard from the entities/persons.

Sd/-

DATE: March 20, 2018
PLACE: MUMBAI

MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA