



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/32256]**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,  
1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA  
(PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995**

**In respect of  
R. K. Stockholding Pvt. Ltd.  
PAN: AACCR0011K**

**In the matter of TradeTron and other Algo Platforms**

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**BACKGROUND**

1. R. K. Stockholding Pvt. Ltd. (hereinafter referred to as “**Noticee**”) has been registered with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) as a stock broker. The registration number of Noticee is INZ000211932. SEBI conducted an examination in the matter of TradeTron (hereinafter referred to as “**TT**”) and other algo platforms. Based on the findings of examination, it was alleged that Noticee had violated the provisions of clause 4.2 of SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022 (hereinafter referred to as “**SEBI Circular dated September 02, 2022**”) and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 (hereinafter referred to as “**Brokers Regulations**”).

**APPOINTMENT OF ADJUDICATING OFFICER**

2. Pursuant to the transfer of the erstwhile Adjudicating Officer (hereinafter referred to as “**AO**”) who had been appointed so vide communiqué dated June 18, 2024, the undersigned was appointed as AO in this matter vide communiqué dated May 20, 2025 under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with rule 3 of SEBI (Procedure for Holding



Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “Rules”), to inquire into and adjudge under the provisions of section 15HB of the SEBI Act.

### **SHOW CAUSE NOTICE, REPLY AND HEARING**

3. Show Cause Notice Ref. No. SEBI/HO/EAD-8/AS/RM/31195/1/2024 dated October 03, 2024 (hereinafter referred to as “SCN”) was issued to Noticee in terms of rule 4 of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it in terms of the provisions of section 15HB of the SEBI Act for the aforementioned violations alleged to have been committed by Noticee.

4. The SCN, *inter alia*, alleged the following:

- (a.) *It was observed by SEBI that certain algorithm trading strategies displayed on a website, i.e., TradeTron (TT) were offering assured returns and some stock brokers registered with SEBI were associated with aforesaid website. In view thereof, SEBI examined whether the stock brokers were associated with aforesaid platform.*
- (b.) *During the examination, it was observed that TT was an algo trading platform which facilitated algorithmic trading, where strategy creators sell their algo strategy to subscribers by charging fees, either fixed monthly fee or on profit sharing basis or as a combination of both. TT was a Software as a Service (SAAS) platform and charge a fixed subscription fee to its users for usage of its website for algo strategies. It had developed a software to run automated algorithmic strategy bots without any coding. TT gave users the ability to use these bots. Each bot could run one user defined strategy.*
- (c.) *As per submissions by TT, in India, all operations/income/expenditure was handled solely by Neutrino Trading Pvt. Ltd. (Neutrino) which is located at Mumbai.*
- (d.) *During examination, on analysis of various strategies available on TT website on sample basis, it was observed that a few strategies were giving guaranteed returns/misleading content. Gist of assured returns/ consistent profit provided in various strategies are as follows:*

Table 1

<b>Sr. No.</b>	<b>Name of the Strategy</b>	<b>Gist of Assured return/ misleading content mentioned in the Strategy</b>
1	Trending Nifty and Banknifty Intraday Directional Diamond(H)	Success rate is more than 52% with excellent risk reward ratio. Avg Monthly Profit per lot: 25K



<b>Sr. No.</b>	<b>Name of the Strategy</b>	<b>Gist of Assured return/ misleading content mentioned in the Strategy</b>
2	STS Profit Express 2	This Strategy Has Fixed Profit of Rs. 1666 for a day
3	SOW500 SSALGO	Monthly you will get profit 5% upto 40% some times more than that MYBE 80
4	PE Anytime-Banknifty Option Super-W 400	our algo catches intraday heavy momentum 1000 -3000points in BNF & Rs 100 strike ce or pe option converted into around Rs 1000 in intraday itself & it means investment rs 2500 converted into rs 22500 +++
5	Green Day Trading_Nifty Option Buying_v1.6	Most of the time the strategy will give you profit 7 out of 10 times before 9.45 am. The strategy has successful net positive returns month on month Stratgy win rate is >70%. Max Drawdown is 20%. Monthly Return > 40%
6	Banknifty Option Super-M500	Super Super Strategy Huge Profits No Tension

- (e.) Further, it was observed that in few strategies, strategy creators had mentioned referral link for opening an account with stock brokers and in few cases it was also observed that they had provided the strategy on a discount basis or for free, if the user opens an account through the referral link.
- (f.) It was further observed from TT website that 89 stock brokers were mentioned as partners.
- (g.) From submissions made by TT/Neutrino, it was observed that TT/Neutrino had charged some of the stock brokers a one-time fee for integrating their trade Application programming interface (API) for algo trading. From list of stock brokers provided by TT/Neutrino, it was observed that API of 119 stock brokers (including Noticee) have been integrated with TT website. Out of aforesaid 119 stock brokers, in respect of 86 stock brokers, TT collected one-time charge for integrating with their trade APIs and collected Rs. 1.21 Crore from the said 86 stock brokers during the period from July 01, 2020 to August 07, 2023.
- (h.) Clause 4.2 of SEBI Circular dated September 02, 2022 reads as follows:  
"Stock brokers who are directly/indirectly referring to any past or expected future return/performance of an algorithm or are associated with any platform providing such reference, shall remove the same from their website and/or disassociate themselves from the platforms providing such references, as the case may be, within seven days from the date of this circular."
- (i.) In view of the above provision, stock brokers should not have associated themselves with TT, as it was providing a platform, where strategies providing guaranteed returns/consistent profit were hosted. Despite the same, 119 stock



brokers (including Noticee) had their APIs integrated with TT website and details as provided by TT are as follows:

Table 2

<b>Particulars</b>	<b>No.</b>	<b>Communicated before 8 Sep, 2022</b>	<b>Communicated after 8 Sep, 2022</b>	<b>Traded using TT's API</b>	<b>Disconnection request made to TT(*)</b>
Stock Brokers having integration with TT and made payments for such integration	86	30	10	72	3
Stock Brokers having integration with TT but have not made any payments for such integration	33	5	10	25	2
<b>Total</b>	<b>119</b>	<b>35</b>	<b>20</b>	<b>97</b>	<b>5</b>

\*The requests were made by the stock brokers in July/August 2023

(j.) Comments in respect of compliance with SEBI Circular dated September 02, 2022 was sought from aforesaid 119 stock brokers (including Noticee). Upon analyzing the reply of Noticee and TT's submissions, it was alleged that API of Noticee remained integrated with TT and thereby, the Noticee was associated with the TT which was providing references in respect of return/performance of an algorithm even after SEBI Circular dated September 02, 2022 was enforced. In view of the same, it was alleged that Noticee had violated the provisions of clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations.

5. The SCN was duly served upon Noticee in consonance with the Rules. Noticee vide letter dated November 19, 2024 submitted its reply. The relevant extracts of Noticee's reply are as under:

- (a.) For the purpose of testing, account of director's wife was used;
- (b.) The integration of TT with Noticee's servers and software was done on August 18, 2022 and testing commenced from August 24, 2022 to August 29, 2022;
- (c.) The circular issued by exchange on September 06, 2022 came in the notice of Noticee. Though TT was not circulated with any of Noticee's clients still Noticee had taken cognizance of the same and removed the TT from its website and asked the vendor telephonically to disintegrate its API as per the exchange requirement. Noticee submitted an undertaking to the exchange on October 10, 2022. Following the submission of the undertaking, no further work or testing was conducted on the TT API platform;
- (d.) No profit was made from the algo testing conducted;



*(e.) At no point any statement or assurance of guaranteed returns was published or mentioned on Noticee's website or in any public communication;*

*(f.) Upon becoming aware of the regulatory requirements outlined in the SEBI and exchange circular, Noticee promptly took corrective action by providing the required undertaking to the exchange. Furthermore, Noticee ensured that no algo-related activities were carried out on the TT API platform after the undertaking.*

6. Subsequently, vide e-mail dated June 09, 2025, Noticee was informed that SEBI had introduced a Settlement Scheme, i.e., Settlement Scheme on Association with Certain Algo Platforms, 2025 (hereinafter referred to as "**the Scheme**") in terms of section 15JB of the SEBI Act read with regulation 26 of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**"). It was informed that the Scheme provides a one-time opportunity to all stock brokers who were associated with certain algo platforms, against whom proceedings have been initiated and are pending before any authority to settle the proceedings. The applicable period of the Scheme was June 16, 2025 to September 16, 2025. Later, the applicable period of the Scheme was extended to October 16, 2025 by SEBI.
7. It was observed that Noticee did not avail the Scheme and accordingly, the adjudication proceedings against the Noticee were resumed. Vide hearing notice dated November 04, 2025, Noticee was granted an opportunity of hearing on November 17, 2025. On the scheduled date of hearing, Noticee appeared through its authorised representatives (ARs), viz., Mr. Navdeep Varshneya and Ms. Chanchal Jain. The ARs of Noticee reiterated the submissions made vide letter dated November 19, 2024.

### **CONSIDERATION OF ISSUES AND FINDINGS**

8. I have perused the allegations levelled against the Noticee in the SCN, its reply and the material available on record. In the instant matter, the following issues arise for consideration and determination:



- I. Whether the Noticee has violated the provisions of clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations?
  - II. Does the violation, if any, on the part of Noticee attract monetary penalty under section 15HB of the SEBI Act?
  - III. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors stipulated in section 15J of the SEBI Act?
9. Before proceeding further, it is pertinent to refer the relevant provisions of securities laws, allegedly violated by Noticee. The same are reproduced as under:

**Brokers Regulations**

*“Conditions of registration.*

*9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely, -*

.....

*(f) he shall at all times abide by the Code of Conduct as specified in Schedule II;”*

**“SCHEDULE II**

**CODE OF CONDUCT FOR STOCK BROKERS**

**A. General.**

.....

*(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.”*

**SEBI Circular dated September 02, 2022**

*“4.2. Stock brokers who are directly/indirectly referring to any past or expected future return/performance of an algorithm or are associated with any platform providing such reference, shall remove the same from their website and/or disassociate themselves from the platforms providing such references, as the case may be, within seven days from the date of this circular.”*



**Issue I. Whether the Noticee has violated the provisions of clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations?**

10. From the material on record, it was observed that certain algorithmic trading strategies hosted on the website of TT contained references to assured/guaranteed returns and consistent profits. TT operated as an algorithmic trading platform wherein strategy creators offered trading strategies to subscribers for consideration. From the submissions made by TT/Neutrino (all operations of TT in India is handled by Neutrino), it was observed that trading APIs of 119 stock brokers, including the Noticee, had been integrated with the TT platform. Further, certain stock brokers had paid one-time integration charges to TT for enabling such connectivity.
11. Clause 4.2 of SEBI Circular dated September 02, 2022 mandates that stock brokers who are directly or indirectly referring to past or expected future return/performance of an algorithm, or are associated with any platform providing such reference, shall remove such reference and/or disassociate themselves from such platforms within seven days from the date of the Circular.
12. It was alleged that despite the issuance of the aforesaid Circular, the API of Noticee remained integrated with TT. Since TT was hosting strategies containing assured/consistent return claims, the Noticee, by integrating and associating with the said platform, allegedly violated clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations.
13. The Noticee has admitted the integration of its servers with TT, however, contended that upon becoming aware of the Circular, it removed Tradetron references from its website and telephonically instructed the vendor to disintegrate its API. In this regard, it is noted that the Noticee has not produced any documentary evidence



demonstrating that it had formally requested the vendor to terminate the integration or disintegrate the API within the stipulated timeline, i.e., within seven days from the date of the SEBI Circular dated September 02, 2022. A mere assertion that such instructions were given telephonically cannot be independently substantiated.

14. The Noticee has further contended that no advertisement or information regarding TT was displayed on its website, no trades were routed through TT (except testing trades which were conducted on the account of its director's wife) and no profits were made from the algo testing trades. This contention is untenable. The violation of clause 4.2 of SEBI Circular dated September 02, 2022 is not dependent upon the number of trades executed, the number of clients involved, the quantum of benefit derived or whether any advertisement was issued. At the outset, it is pertinent to refer to the background and regulatory intent underlying the SEBI Circular dated September 02, 2022. SEBI had observed that certain unregulated platforms were offering algorithmic trading services/strategies to investors, which were being marketed with claims of high returns and accompanied by ratings assigned to such strategies. Such representations had the potential to lure investors and could amount to mis-selling. It was also noted that stock brokers were facilitating algorithmic trading for investors through such platforms.

15. In light of the above regulatory concerns, clause 4.2 of the SEBI Circular dated September 02, 2022 categorically prohibited stock brokers from being "associated with", whether directly or indirectly, with any platform that provides references to past or expected future returns or performance of algorithms.

16. Accordingly, in the given context, indirect association would include situations where a stock broker, though not formally connected with the platform by way of agreement, promotion or consideration, enables or facilitates the functioning of such platform through integration of information technology systems. In the present case, such association with TT is evident from the admitted API integration of Noticee with TT



and payment of integration fees to TT. Therefore, the absence of trades or advertisements does not absolve the Noticee of liability under the Circular.

17. In view of the above, I find that the Noticee remained associated itself with a platform providing references to return/performance of algorithmic strategies even after the issuance of SEBI Circular dated September 02, 2022, thereby failed to comply with the mandate of clause 4.2 of the said Circular. Such conduct is also contrary to the standards of due skill, care and diligence required under Schedule II of the Brokers Regulations. Accordingly, it is established that Noticee has violated the provisions of clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations.

**Issue II. Does the violation, if any, on the part of Noticee attract monetary penalty under section 15HB of the SEBI Act?**

**Issue III. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors stipulated in section 15J of the SEBI Act?**

18. In the preceding paragraphs, it has been established that Noticee had violated the provisions of clause 4.2 of SEBI Circular dated September 02, 2022 and clauses A(2) and A(5) of Schedule II read with regulation 9(f) of Brokers Regulations. Accordingly, Noticee is liable for imposition of monetary penalty under the provisions of section 15HB of the SEBI Act.

19. Section 15HB of the SEBI Act is reproduced 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.”***



20. While determining the quantum of penalty under section 15HB of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act are taken into account:

***“Factors to be taken into account while adjudging quantum of penalty.***

*15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.”*

21. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by Noticee or the amount of loss, if any, caused to an investor/clients as a result of the default of the Noticee. As regards the repetitive nature of the default, it is noted that following penalty was imposed on Noticee by SEBI:

<b>Sr. No.</b>	<b>Case Name</b>	<b>Date of Order</b>	<b>Violation of provisions of</b>	<b>Penalty imposed</b>
1.	In the matter of M/s. R. K. Stockholding Pvt. Ltd	November 24, 2020	Brokers Regulations and SEBI Circulars	Rs. 5,00,000/-

22. The aforementioned factors have been taken into consideration while adjudging the penalty.

**ORDER**

23. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and the factors mentioned in section 15J of the SEBI Act, I, in exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, hereby impose a penalty of Rs. 2,00,000/- (Rupees Two Lakh only) on the Noticee under section 15HB of the SEBI Act.

24. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.



25. 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](http://www.sebi.gov.in) on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

26. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

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

**Date: March 25, 2026**

**Place: Mumbai**

**JAI SEBASTIAN**

**ADJUDICATING OFFICER**