



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/32259]**

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
Shri Parasram Holdings Private Limited
PAN: AAACS4487J**

In the matter of TradeTron and other Algo Platforms

BACKGROUND

1. Shri Parasram Holdings Private Limited (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 INZ000220838. 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 adjudicate 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/31167/1/2024 dated October 01, 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

Sr. No.	Name of the Strategy	Gist of Assured return/ misleading content mentioned in the Strategy
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



Sr. No.	Name of the Strategy	Gist of Assured return/ misleading content mentioned in the Strategy
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 Stragy 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

Particulars	No.	Communicated before 8 Sep, 2022	Communicated after 8 Sep, 2022	Traded using TT's API	Disconnection request made to TT(*)
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
Total	119	35	20	97	5

*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 14, 2024 submitted its reply. The relevant extracts of Noticee's reply are as under:

(a.)Noticee has neither entered into any formal/informal agreement with TT nor promoted, endorsed, or advertised its services. There is no referral link of Noticee on the TT website nor on any such service provider's website;

(b.)Noticee has neither made reference to the past nor projected future performance of any algorithm nor associated with any platform that would provide such information;

(c.)At the request of a few clients, Noticee provided an API, which clients had the discretion to integrate as they wish. The SEBI Circular dated September 2, 2022, does not restrict Noticee from providing open APIs to clients;

(d.)As an open API can connect to multiple platforms, it should not imply affiliation or association between Noticee and TT;



(e.) Noticee have since ceased the API link provided to the clients in question and will not permit any API linkage with TT without SEBI or exchange approval;

(f.) The Supreme Court's guidance in Hindustan Steel Ltd. v. State of Orissa (1972) 83 ITR 26 (SC) establishes that penalties should not be imposed without deliberate law violations or conscious disregard. The temporary nature of this incident and our proactive compliance actions align with these principles, as well as the Court's ruling in Ashok Lanka v. Rishi Dixit, where statutory penalties were determined by the context and nature of violations.

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. Noticee vide e-mail dated August 22, 2025 acknowledged the receipt of intimation e-mail dated August 08, 2025.
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 which was adjourned to December 02, 2025 on the request of Noticee. Thereafter, vide e-mail dated November 20, 2025, Noticee expressed its willingness to avail the Scheme. On the scheduled date of hearing, the Noticee appeared through its authorized representatives (ARs), viz., Ms. Nirali Mehta, Mr. Vivek Agarwal and Mr. Prakash Upreti. The ARs of Noticee reiterated the submissions made vide letter dated November 14, 2024. Noticee was also granted additional time until December 08, 2025 to file its further submissions which was extended to December 29, 2025 on the request of Noticee. Thereafter, another AR of Noticee, viz.,



Mindspright Legal vide e-mail dated December 29, 2025 submitted additional submissions. The relevant extracts of the same is reproduced as under:

- (a.) *A plain reading of rule 4 of the Rules makes it abundantly clear that the prescribed procedure contemplates a two-stage process. At the first stage, the Adjudicating Officer is required to issue a show cause notice calling upon the concerned entity to explain as to why an inquiry should not be initiated, while affording an opportunity of hearing. Only upon due consideration of the reply and after forming an independent opinion that an inquiry is warranted, is the Adjudicating Officer empowered to pass an order directing initiation of inquiry and thereafter issue a further notice calling upon the Noticee to show cause as to why penalty should not be imposed. Such an order directing inquiry is independently appealable before the Hon'ble Securities Appellate Tribunal under section 15T of the SEBI Act, 1992;*
- (b.) *In the present case, however, the SCN issued to the Noticee impermissibly combines both stages into a single, composite notice, calling upon the Noticee to simultaneously respond to the issue of initiation of inquiry as well as the proposed imposition of penalty. The issuance of such a composite SCN, by a statutory regulator obligated to act in a fair, transparent and judicious manner, is ex facie contrary to the procedure prescribed under the Rules and constitutes a gross violation of the principles of natural justice. Reliance was placed on the ruling on Hon'ble Supreme Court in the matter of Cherukuri Mani v. State of Andhra Pradesh (2015) 13 SCC 722;*
- (c.) *SCN is vague on whether any investor was influenced or induced to invest or undertake the services of the Noticee due to the alleged assured returns scheme by TT. The SCN does not establish that any investors relied on such assurances when engaging with the Noticee. Hence, it is submitted that the Noticee's role remained limited to the execution of broking services in accordance with the applicable laws, with no connection to TT's alleged activities;*
- (d.) *Without prejudice, it is submitted that the Noticee interacted with TT only pursuant to requests received from its clients for integrating the Noticee's systems with the TT platform, with the limited objective of facilitating execution of trades based on strategies posted on TT's website. Such interaction was confined solely to the integration of the Noticee's API with the TT platform and no fee whatsoever was paid by the Noticee to TT for the said integration;*
- (e.) *upon perusal of Annexure-V to the SCN wherein, SEBI has provided a list of stock brokers allegedly associated with TT as "partners", it is evident that neither the name of the Noticee appears in the said list nor has the Noticee ever consented to being represented as a "partner" on the TT website;*
- (f.) *At no point in time did the Noticee induce, solicit, persuade, encourage, or otherwise prompt any of its clients or investors to engage with TT. Further, it is submitted that the Noticee neither initiated nor undertook any act that could be construed as an association with Tradetron nor did it hold out, project or present TT's services or platform to its clients or investors in any manner whatsoever;*



- (g.) *The Noticee's interaction, if any, with TT was undertaken strictly pursuant to specific requests received from certain clients and was limited solely to facilitating technical integration, without the Noticee providing any recommendation, assurance, representation, or advisory input whatsoever. It is further submitted that the Noticee did not receive, directly or indirectly, any incentives, commissions, fees, revenue sharing or any other form of consideration from TT in relation to any trades executed by its clients through the TT platform;*
- (h.) *Out of its present clientele, i.e., 1,64,669, only 10 clients have used TT's services. While considering this, it is pertinent to note that the strategies of TT were not hosted on the website of the Noticee, hence, none of its clients were influenced by any purported strategies promising assured returns;*
- (i.) *TT, in its response, admitted that it does not provide any mechanism to approve the descriptions or strategies uploaded on its platform and does not check, monitor or vet the strategies, descriptions or feedback posted by any user. Consequently, TT operates as an open platform wherein users function independently and more specifically, without any control, supervision, or knowledge of the Noticee, in carrying on and expanding their activities as strategy providers. In view of the aforesaid, it is submitted that the Noticee had no active role whatsoever in the dissemination of any allegedly illegal or misleading content and at no point in time, promoted TT or its strategies to its active clientele;*
- (j.) *Without prejudice, it was submitted that there exists no association per se, between the Noticee and TT. The Noticee has neither executed any formal agreement with TT nor held itself out as being affiliated, partnered or associated with TT on any of its platforms. Further, the TT platform merely enables its users to independently subscribe to and deploy strategies of their own choosing and to execute trades in their respective trading accounts, at their sole discretion. At no point did the Noticee exercise nor was it granted any active control, supervision, observation or decision-making authority over the users' trading activities, whether by the users (being the Noticee's clients) or by TT;*
- (k.) *Accordingly, the absence of any contractual relationship, control, supervision or mutual intent clearly demonstrates that no affiliation or conscious association was formed between the Noticee and TT for the purposes of carrying out any coordinated or joint activity. It was emphasised that the API was a generic open API extended to multiple platforms and that no referral link or promotional content existed in respect of the Noticee with relation to TT;*
- (l.) *The SCN alleges that "a few strategies were offering guaranteed returns /misleading content" and relies upon certain screenshots annexed as Annexure-III in support thereof. However, upon a careful perusal of the Annexure-III, it is evident that neither any date nor any timestamp has been mentioned on the said screenshots. In the absence of such temporal particulars, the said screenshots fail to prima facie establish that the alleged references to "monthly returns" pertain to, or were made during, the period of the alleged association between TT and the Noticee. Consequently, the material relied upon in Annexure-III is incapable of*



substantiating the allegation that the Noticee was connected with, aware of, or responsible for the purported representations during the relevant period. Further, upon being made aware of the illegal activities of offering assured returns, the Noticee promptly requested TT to remove the Noticee's name as a broker from the "Add Broker" option on its platform and categorically directed TT to desist from engaging in any further dealings in securities by using, referring to, or associating with the Noticee's name in any manner whatsoever. Further, it is highlighted that that all the "assured return" language appears only on strategy descriptions as created by third-party strategy creators on TT and not in any communication from the Noticee to its clients;

- (m.) Upon becoming aware of representations on the TT website suggesting assured or guaranteed returns, the Noticee immediately ceased all engagement with TT and unequivocally distanced itself from any such representations or claims;*
- (n.) Without prejudice, it is submitted that the TT website itself, which is an open platform, set out a disclaimer clarifying that TT does not display or represent any information relating to returns or profits of any strategy and that the responsibility for the content and descriptions of strategies rests solely with the respective strategy creators. Accordingly, as per our limited understanding, TT as a platform provider, does not purport to offer or assure any guaranteed or assured returns. Any alleged representations regarding assured returns, if made at all, were attributable exclusively to certain independent strategy creators operating on the platform and were neither authored, endorsed nor disseminated by the Noticee. It is therefore submitted that the acts or omissions of such independent third parties cannot be attributed to or imputed upon the Noticee, who neither devised nor propagated any such claims or strategies and who, at all material times, has acted in good faith;*
- (o.) Mere technical integration of an order routing API, which is also available for use with non-misleading strategies and with other platforms, without the Noticee's involvement in content, marketing or selection of strategies, does not amount to "association" in the sense intended by Clause 4.2. Association must involve a conscious, informed and purposive linkage with the offending content, such as co-branding, joint promotion, referral link arrangements, or other conduct suggesting endorsement. None of these elements is present in the Noticee's case;*
- (p.) Noticee submits that it acted with due skill and care by limiting its role to execution-only services and providing AP is upon client request, not marketing or endorsing TI or any particular algorithmic strategy and promptly seeking disconnection of its API to avoid any perceived association once the regulatory concern regarding TT's content became apparent;*
- (q.) Further, in the absence of receipt of any complaint pertaining to the alleged illegal activities carried out on the TT website and in the absence of any wilful or conscious association with TT, the Noticee prudently restricted TT from using or referencing the Noticee's platform, thereby limiting its response strictly to preventing any unauthorized use or association of the Noticee's name or platform;*



- (r.) Noticee did not execute or enter into any agreement, arrangement, or terms and conditions that would indicate knowledge of, consent to, or participation in any representations relating to purported assured or guaranteed returns allegedly offered through the TT platform by third parties, with whom no connection, relation or meeting of minds has been stated in the SCN. There is no material on record to demonstrate that the Noticee was aware of the existence of any such scheme, nor is there any evidence to suggest that the Noticee agreed to, endorsed, facilitated or acquiesced in any such representations;
- (s.) Noticee neither conceived, developed, authored, modified, nor exercised any control over the alleged strategies or schemes purporting to offer fixed or assured returns. The Noticee did not participate in, promote, disseminate, or encourage any activity that could be construed as unlawful or misleading. The mere transient presence of third-party content on an integrated platform, absent any proof of knowledge, control or active involvement on the part of the Noticee, cannot in law be a basis to fasten liability upon the Noticee;
- (t.) Noticee never consented to, authorised or approved any representation portraying it as a "partner" of Tradetron, whether for marketing purposes or in connection with any strategies hosted or displayed on the TT platform. Any depiction or projection by TT suggesting the Noticee's involvement in purported assured-return schemes or any other misrepresented offerings was made unilaterally and without the knowledge, approval or concurrence of the Noticee;
- (u.) It was further submitted that immediately upon becoming aware of the existence of such schemes and representations on the TT website, the Noticee took prompt steps to disengage and disassociate itself from TT and any activities or representations connected therewith;
- (v.) It was submitted that no investor has suffered any loss, damage, or prejudice as a consequence of any act or omission attributable to the Noticee, nor does the SCN allege any quantifiable loss or investor harm arising from the Noticee's conduct. Further, any alleged irregularity or non-compliance relating to the conduct of TT has, in any event, been addressed and rectified by TT itself. The Noticee had no role in the alleged defaults and has, at all material times, fully cooperated with the regulatory process and with your goodself in addressing and resolving the issues raised;
- (w.) Noticee submitted that the imposition of penalty under the SEBI Act is contingent upon the establishment of a violation of the substantive provisions thereof. Even assuming, without admitting, that any such violation is made out, the Adjudicating Officer is mandatorily required to exercise discretion judiciously and take into account the mitigating factors enumerated under Section 15J of the SEBI Act, including the absence of disproportionate gain, lack of investor loss, and the nature and gravity of the alleged default;
- (x.) In light of the decision of the Hon'ble Supreme Court in the matter of Siddharth Chaturvedi v. Securities and Exchange Board of India (2016) 12 SCC 119 along with the applicability of factors under Section 15J in the present matter, it is



submitted that no penalty ought to be imposed under Section 15HB of the SEBI Act, 1992;

(y.)In the order of the Hon'ble Supreme Court in the matter of Adjudicating Officer v. Bhavesh Pabari (Civil Appeal No. (S).11311 of 2013, dated February 28, 2019) it was held that Section 15J is illustrative in nature and the relevant factors depends on a case-to-case basis;

(z.)In the absence of any mens rea, wilful default, or deliberate association, and in view of the Noticee' s bona fide conduct and prompt remedial steps upon becoming aware of the alleged misuse of its name, the invocation of regulatory proceedings is disproportionate, excessive, and contrary to the object and scheme of the SEBI Act.

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.”

10. Before dealing with the matter on merits, I shall first consider preliminary submissions made by Noticee.
11. Noticee expressed its willingness to avail the benefit of the Settlement Scheme after the closure of the scheme. In this regard, it is noted that the Scheme was initially open for a period of 90 days, i.e., from June 16, 2025 to September 16, 2025. Subsequently, the Scheme was extended for a period of one month, i.e., up to October 16, 2025. Thus, the settlement window remained open for a total period of four months.
12. It is further noted that the Noticee had acknowledged the receipt of settlement intimation e-mail dated June 09, 2025 sent by SEBI, vide its e-mail dated August 08, 2025, i.e., well within the period when the Scheme was open. Despite having knowledge of the Scheme and sufficient opportunity to avail the same during the subsistence of the settlement window, the Noticee did not take any steps to avail the benefit of the Scheme within the prescribed time.



13. In this regard, it is observed that the Settlement Scheme was a time-bound opportunity provided to eligible entities to settle the proceedings within the stipulated period. Once the Scheme has expired, the same cannot be invoked or extended for an individual Noticee who did not avail the benefit within the prescribed timeline. Accordingly, the submission of the Noticee seeking to avail the benefit of the Scheme after its closure is not within the remit of present proceedings.

14. The Noticee contended that SEBI has wrongly issued a composite notice under rule 4 of the Rules. In this context, Noticee has relied upon on the ruling of Hon'ble Supreme Court in the matter of Cherukuri Mani v. State of Andhra Pradesh¹ which states that, *"Where the law prescribes a thing to be done in a particular manner following a particular procedure, it shall be done in the same manner following the provisions of law, without deviating from the prescribed procedure."* In this regard, it is noted that rule 4 of the Rules bring out the procedure to be followed by the AO while conducting the proceedings and there is no prohibition regarding issuance of composite SCN, as issued in the instant matter. It is noted that the SCN issued to Noticee, *inter alia*, specified the nature of violations alleged to be have been committed by Noticee in order to enable the Noticee to effectively reply to the SCN. It is further noted that no penalty has been determined or imposed upon the Noticee at any earlier stages, i.e., issuance of SCN or hearing stage. Further, sufficient opportunities have been provided to Noticee to submit its reply and of hearing which have been availed by Noticee. Noticee has also failed to demonstrate as to how issuance of a composite SCN caused any prejudice to it. In view thereof, the contention of the Noticee is devoid of merit.

15. I shall now proceed to deal with the matter on merits.

¹ (2015) 13 SCC 722



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?

16. 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.
17. 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.
18. 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.
19. The Noticee has admitted that its APIs were integrated with the platform of TT. However, the Noticee contended that upon becoming aware that the website of TT was suggesting assured or guaranteed returns, it immediately ceased all engagement with TT.



20. In terms of clause 4.2 of the SEBI Circular dated September 02, 2022, stock brokers who were directly or indirectly associated with any platform providing references to past or expected future returns or performance were required to disassociate themselves from such platforms within seven days from the date of the Circular. In the present case, it is an admitted fact that the APIs of the Noticee were integrated with TT. Therefore, the provisions of the aforesaid Circular were clearly attracted.
21. Further, the Noticee has failed to produce any documentary evidence demonstrating that it had formally requested TT to terminate the integration or to disintegrate the API within the stipulated timeline of seven days from the date of the SEBI Circular dated September 02, 2022. In the absence of any such evidence, the contention of the Noticee that it had taken immediate steps to comply with the Circular cannot be accepted.
22. The Noticee has further contended that the SCN is silent as to whether any investor relied on such assurances while engaging with the Noticee, that it had not induced, solicited, persuaded, encouraged or otherwise prompted any of its clients or investors to engage with TT, that it had not received any consideration from TT, that only ten clients of the Noticee had used the services of TT, that it did not exercise any control over the content displayed on TT's platform, that there was no formal agreement between the Noticee and TT, that a disclaimer was displayed on the website of TT stating that it does not display or represent any information relating to returns or profits of any strategy and that the responsibility for the content and descriptions of strategies rests solely with the respective strategy creators and that the Noticee had neither marketed nor endorsed TT. It was further contended that mere API access does not constitute association.
23. The aforesaid contention of the Noticee is untenable. 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.

24. 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.

25. 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 clearly evidenced by the admitted API integration between the Noticee and the TT platform.

26. Therefore, the absence of a formal agreement, consideration, marketing activity, control over content or evidence of investor inducement does not absolve the Noticee of its liability under the aforesaid Circular.

27. With regard to the contention of the Noticee that the screenshots relied upon in annexure III of the SCN do not contain dates or timestamps and therefore do not establish that the alleged references to assured returns existed during the period of the Noticee’s alleged association with TT, it is pertinent to note that the screenshots were relied upon only to demonstrate the nature of representations appearing on the TT platform, which included references to assured or indicative returns. The regulatory concern addressed by the Circular pertains to association with platforms that host



such representations. Therefore, the absence of timestamps on the screenshots does not dilute the evidentiary value of the material relied upon in the SCN. Hence, the submission of the Noticee in this regard is devoid of merit.

28. 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?

29. 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.

30. With respect to this, Noticee has submitted that where there is only a technical or venial default, penalty at all ought not to be imposed. It has placed reliance on the Judgments of Hon'ble Supreme Court in the matter of Siddharth Chaturvedi v. SEBI (hereinafter referred to as "Siddharth Chaturvedi") and Hindustan Steel v. State of Orissa (hereinafter referred to as "Hindustan Steel").

31. In this regard, upon perusal of the aforesaid cases, it is noted that the facts, circumstances and regulatory frameworks in those matters are materially different



from the present proceedings. Further, Noticee has also failed to demonstrate how the aforesaid cases will be applicable in the instant proceedings. I shall now proceed to deal with the aforesaid cases in the following paragraphs.

32. In respect of reliance placed by Noticee in Siddharth Chaturvedi case emphasizing that parameters enumerated in section 15J of the SEBI Act are required to be satisfied to impose penalty. It is pertinent to note that in the matter of SEBI v. Bhavesh Pabari², a three-judge bench of the Hon'ble Supreme Court while referring to its earlier decision made by a two-judge bench in Siddharth Chaturvedi held as under:-

“8..... we are inclined to take the view that the provisions of clauses (a), (b) and (c) of Section 15J are illustrative in nature and have to be taken into account whenever such circumstances exist. But this is not to say that there can be no other circumstance(s) beyond those enumerated in clauses (a), (b) and (c) of Section 15J that the Adjudicating Officer is precluded in law from considering while deciding on the quantum of penalty to be imposed.

9. A narrow view would be in direct conflict with the provisions of Section 15I(2) of the SEBI Act which vests jurisdiction in the Adjudicating Officer, who is empowered on completion of the inquiry to impose “such penalty as he thinks fit in accordance with the provisions of any of those sections.”

.....

12. At this stage, we must also deal with and reject the argument raised by some of the private appellants that the conditions stipulated in clauses (a) to (c) of Section 15J are mandatory conditions which must be read into Sections 15A to 15HA in the sense that unless the conditions specified in clauses (a) to (c) are satisfied, penalty cannot be imposed by the Adjudicating Officer under the substantive provisions of Sections 15A to 15HA of the SEBI Act. The argument is too farfetched to be accepted. Section 15J of the SEBI Act enumerates by way of illustration(s) the factors which the Adjudicating Officer should take into consideration for determining the quantum of penalty imposable. The imposition of penalty depends upon satisfaction of the substantive provisions as contained in Sections 15A to Section 15HA of the SEBI Act.” (Emphasis Supplied)

33. In view of the above, it is legally settled that the parameters enumerated in section 15J of the SEBI Act are not required to be satisfied for the imposition of penalty. The

² (2019) 5 SCC 90



factors stipulated in section 15J of the SEBI Act which are taken into account for the imposition of penalty are illustrative in nature and have to be taken into account whenever such circumstances exist. Hence, the reliance placed by Noticee in Siddharth Chaturvedi case is misplaced.

34. In respect of reliance placed by Noticee in the Hindustan Steel matter, reference is drawn to the Judgment of Hon'ble Supreme Court in the matter of SEBI v. Shriram Mutual Fund and Anr.³, wherein Hon'ble Supreme Court held that:

“The Tribunal has erroneously relied on the judgment in the case of Hindustan Steel Ltd. v. State of Orissa, AIR 1970 Supreme Court 253, which pertained to criminal/quasi-criminal proceeding. That Section 25 of the Orissa Sales Tax Act which was in question in the said case imposed a punishment of imprisonment up to six months and fine for the offences under the Act. The said case has no application in the present case which relates to imposition of civil liabilities under the SEBI Act and Regulations and is not a criminal/quasi-criminal proceeding.”

In view of the aforesaid Judgment, reliance placed by Noticee in the Hindustan Steel matter is misplaced.

35. As regards the Noticee's argument that there was no mens rea, I would like to refer to the ruling of the Hon'ble High Court of Bombay in the matter of *SEBI v. Cabot International Capital Corporation*⁴, wherein the Hon'ble High Court of Bombay, *inter alia*, held that, “31. The adjudication for imposing penalty by Adjudicating Officer, after due inquiry, is neither a criminal nor a quasi criminal proceeding. The penalty leviable under this Chapter or under these Sections, is penalty in cases of default or failure of statutory obligation or in other words breach of civil obligation. The provisions and scheme of penalty under SEBI Act and the Regulations, there is no element of any criminal offence or punishment as contemplated under criminal proceedings. Therefore, there is no question of proof of any mens rea by the Appellants and it is not essential element for imposing penalty under SEBI Act and the Regulations. ...32. The

³ Civil Appeal Nos. 9523-9524 of 2003 dated May 23, 2006

⁴ Appeal No. 7 of 2001 decided on March 03, 2004



*SEBI Act and the Regulations, are intended to regulate the Security Market and the related aspects, the imposition of penalty, in the given facts and circumstances of the case, cannot be tested on the ground of “no mens rea, no penalty”. For breaches of provisions of SEBI Act and Regulations, according to us, which are civil in nature, mens rea is not essential. On particular facts and circumstances of the case, proper exercise of judicial discretion is a must, but not on a foundation that mens rea is an essential to impose penalty in each and every breach of provisions of the SEBI Act.....According to us, mens rea is not essential for imposing civil penalties under the SEBI Act and Regulations.” Further, the Hon'ble Supreme Court of India in the matter of *SEBI v. Shri Ram Mutual Fund*⁵, inter alia, held that, “In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulation is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not. We also further held that unless the language of the statute indicates the need to establish the presence of mens rea, it is wholly unnecessary to ascertain whether such a violation was intentional or not. On a careful perusal of Section 15(D)(b) and Section 15-E of the Act, there is nothing which requires that mens rea must be proved before penalty can be imposed under these provisions. Hence once the contravention is established then the penalty is to follow.”*

36. In view of the aforesaid settled legal position, it is evident that mens rea is not required to be established for the imposition of penalty in the present proceedings. Once failure to comply with statutory obligations is established, the penalty stands attracted. Hence, the submission of Noticee on this point is also misplaced.

⁵ [2006] 68 SCL 216(SC)



37. In this background, Noticee is liable for imposition of monetary penalty under the provisions of section 15HB of the SEBI Act.

38. 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.”

39. 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.”

40. 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 penalties/sanctions were imposed on Noticee by SEBI:

Sr. No.	Case Name	Date of Order	Violation of provisions of	Penalty imposed/ Directions issued
1.	In the matter of Gangotri Textiles Limited (Enquiry Proceedings)	May 16, 2017	Brokers Regulations	Warning
2.	In the matter of dealings in illiquid stock options at BSE	June 25, 2019	SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003	Rs. 5,00,000/-



Sr. No.	Case Name	Date of Order	Violation of provisions of	Penalty imposed/ Directions issued
3.	In the matter of Shri Parasram Holdings Private Limited (Enquiry Proceedings)	July 06, 2021	SEBI Circular and Brokers Regulations	Warning

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

ORDER

42. 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.

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

44. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

45. 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.



46. 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