BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2025-26/32269]

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
Ashlar Securities Private Limited
PAN: AAHCA9621P

In the matter of TradeTron and other Algo Platforms

BACKGROUND

1. Ashlar Securities 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 INZ000203739. 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/30974/1-2/2024 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 algotrading 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 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

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 07, 2024 submitted its reply. The relevant extracts of Noticee's reply are as under:

(a.)Noticee's integration with TT was strictly limited to API support, intended solely for operational connectivity. Noticee did not engage with TT for any algorithmic strategies that promised guaranteed returns or contained misleading content. On March 16, 2022, prior to SEBI Circular dated September 2, 2022, Noticee subscribed to TT's API service by paying a onetime subscription fee;

(b.)Noticee has never authorized TT to display Noticee's brand name or associate it as a "partner" on their platform. Noticee's arrangement was purely for API connectivity, without any provision for brand association or partnership representation. At no point did Noticee promote TT's platform or its services to its clients nor did Noticee share brokerage revenue or profits with TT;

(c.) Upon becoming aware that brand name of Noticee was displayed on TT's website, and following SEBI Circular dated September 2, 2022, Noticee requested TT to remove any mention of Noticee from their platform to ensure compliance with SEBI's guidelines. Noticee did not provide TT with consent to display its name or present it as a partner nor did it enter into any agreement granting such rights to TT;

(d.) On August 14, 2023, TT provided written confirmation via email, acknowledging their compliance with SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2022/117. TT affirmed that they had met SEBI's requirements by removing any references to historical returns or performance data from their platform. Additionally, TT confirmed that they had submitted a formal disclosure of this compliance to SEBI and reiterated their commitment to adhering to the circular's guidelines;

(e.) Noticee confirmed that it had never engaged in promoting or advising any investor on TT's services or APIs. TT operated as an independent entity and Noticee have no association with TT in terms of marketing or strategy promotion;

(f.) Noticee have neither shared any brokerage revenue with TT nor associated in any way with TT for strategies promising guaranteed or consistent profits;

(g.) Noticee ensured that its marketing materials do not reflect returns of strategies or advertise any performance indicators of algorithmic services;

(h.) Noticee did not make any references to past or expected future returns or performance claims of any algorithms on publicly accessible platforms, including digital, print, and social media. TT's website, if it has ever referenced Noticee's services, has only included instructional details on how to integrate their platform with Noticee's trading system.

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. In response to the aforesaid e-mail, the Noticee, vide e-mail dated June 12, 2025, requested for a copy of the SCN. In this regard, the Noticee

was informed that the SCN had already been duly served upon it and that the Noticee had also filed a reply in response to the same. Nevertheless, a copy of the SCN along with the reply earlier filed by the Noticee was provided for its reference.

7. It was observed that the Noticee did not avail the benefit of the Scheme and accordingly, the adjudication proceedings against the Noticee were resumed. Thereafter, vide hearing notice dated November 04, 2025, the Noticee was granted an opportunity of hearing on November 20, 2025. In response to the said hearing notice, the Noticee, vide e-mail dated November 15, 2025, submitted that it could not submit its settlement application within the original timeline and expressed its willingness to avail the Scheme. On the scheduled date of hearing, the Noticee appeared through its authorized representative (AR), viz., Mr. Praveen Rana. During the hearing, the AR reiterated the submissions earlier made by the Noticee vide letter dated November 07, 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."

10. Before dealing with the matter on merits, I shall first consider the submission of the Noticee expressing 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.

11. 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 June 12,

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.

12. 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.

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

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?

14. 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.

15. 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.

16. 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.

17. The Noticee has admitted that its APIs were integrated with the platform of TT and that integration fees were paid to TT. However, the Noticee has contended that upon becoming aware that its name was displayed on the website of TT, it had requested TT to remove any mention of its name in order to comply with the SEBI Circular dated September 02, 2022.

18. 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 and that integration fees were paid. Therefore, the provisions of the aforesaid Circular were clearly attracted.

19. Further, the Noticee has failed to produce any documentary evidence demonstrating that it had formally requested TT to terminate the integration or 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 steps to comply with the aforesaid Circular cannot be accepted.

20. Moreover, the Noticee has failed to provide any evidence in support of its claim that it had requested TT to remove its name from the website of TT. Even assuming that the Noticee had not authorized TT to display its name on the website or associate it as a "partner" on the platform, the Noticee has failed to demonstrate that it had taken any action against TT for such alleged unauthorized use of its name. Hence, submissions of Noticee in this regard is not tenable.

21. The Noticee has relied upon an email dated August 14, 2023 from TT stating that references to historical returns or performance data were removed from the platform. In this regard, it is noted that the aforesaid Circular mandated stock brokers to disassociate themselves from any such platform within seven days from the date of the Circular. The email relied upon by the Noticee is dated nearly eleven months after the issuance of the aforesaid Circular and therefore cannot be considered as compliance within the prescribed timeframe.

22. The Noticee has further contended that it had neither shared any brokerage revenue with TT nor did its marketing materials reflect any returns of strategies or advertise any performance indicators of algorithmic services. This contention is untenable. The violation of clause 4.2 of the SEBI Circular dated September 02, 2022 is not dependent upon the sharing of brokerage revenue or issuance of advertisements. 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.

23. 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.

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

25. 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?

26. 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.

27. 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."*

28. 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."*

29. 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, there is nothing on record to show that the nature of default by Noticee is repetitive. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

30. 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. 1,00,000/- (Rupees One Lakh only) on the Noticee under section 15HB of the SEBI Act.

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

32. 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.

33. 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.

34. 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.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2026.03.25 16:59:21 +05'30'

Date: March 25, 2026 **JAI SEBASTIAN**

Place: Mumbai **ADJUDICATING OFFICER**