WTM/MPB/IMD-DoF-1/WRO/ 8963 /2020

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

INTERIM ORDER

Under Sections 11, 11(4), 11B (1) and 11D of the Securities and Exchange Board of India Act, 1992

In Re: Violation of provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

In respect of:

Sr. No.	Name of the Entities	PAN
1	Mr. Yash Chawla, Sole Proprietor of Khelo MCX Research Services	AZDPC8667K

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1. Securities and Exchange Board of India ("**SEBI**") received a complaint dated February 12, 2020 against Bazaar Trading alleged to be involved in unauthorized Investment Advisory activities.

SEBI's Examination:

2. In view of the complaint received, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by Bazaar Trading. To that end the website of *www.bazaartrading.*in and particulars of its bank accounts were perused to gather information. It is noted that above website is active and

the print out of the web pages of the firm's website are taken and have been placed on record.

3. SEBI's preliminary examination found as follows:
   1. The entity is not registered with SEBI.
   2. There are identical live websites viz., *www.100mcxtips.in, www.khelomcx.com* in which *Bazaar Trading* mentioning itself as Investment Adviser/Tips Provider.
      2.1. The website of *Bazaar Trading* provides information that they offer packages in commodity investments and trading to its clients as part of its advisory activity.
      2.2. The website of *100mcxtips* provides information that they offer packages in commodity market tips.
      2.3. The website of *khelomcx* provides information that they offer packages in MCX trading tips, NCDEX share tips, Equity market tips, NIFTY tips, Stock tips, Intraday Tips
      2.4. As per the account opening form of State Bank of India account mentioned on the website Khelo MCX, Mr. Yash Chawla ("**Yash Chawla**") is the sole proprietor of Khelo MCX Research Services. Further, payment details mentioned on the website www.bazaartrading.in is also SBI Collect and PayUMoney and UPI Payments. These three websites are also connected through common telephone number and common address. These facts shows that Yash Chawla is the beneficiary of the accounts linked to the websites.

   3. Bank account displayed on the website for clients who wish to subscribe to its 'advisory services' is directed to the State Bank of India account number 33637736204 in the name of Khelo MCX Research Services, Jabalpur. Details of online payment through PayUmoney is also mentioned on the websites.
   4. As per the account opening form of the Bank Account with SBI, Mr. Yash Chawla is shown as the Proprietor of Khelo MCX Research Services.

CONSIDERATION & PRIMA FACIE FINDINGS

4. I have perused the material available on record such as investor complaint, information available on the website *Bazaar Trading*, *100mcxtips* and *khelomcx* and information obtained from State Bank of India and PayUmoney. A preliminary examination of the material available on record was made in order to verify whether Yash Chawla, Proprietor of Khelo MCX Research Services has offered investment advisory services and collected money from various investors without registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:

1) Whether Yash Chawla, Proprietor of Khelo MCX Research Services is, holding himself out and/or acting as investment adviser?

2) If answer to the aforesaid issue is in affirmative, whether Yash Chawla, Proprietor of Khelo MCX Research Services has, prima facie, violated any provisions of SEBI Act read with IA and PFUTP Regulations?

3) If answers to Issue Nos. (1) & (2) are affirmative, who are all responsible for the violations?

4) If answer to Issue No. (2) is in affirmative, whether urgent directions, if any should be issued against those who are responsible for the violations?

Issue No. 1: Whether Yash Chawla, Proprietor of Khelo MCX Research Services is, holding himself out and/or acting as investment adviser?

5. As regards the first issue, I note the following from the material available on record:

5.1 As per the information gathered from the websites of Yash Chawla, which are active as on date, the following claims are noted:

www.100mcxtips.in	*GET STOCK AND COMMODITY MARKET TIPS*

	- Earn 5-10% Profit Every Week *- Earn 100% Profit in 3 Months* *with 85-90% High Accurate Market Research*
www.bazaartrading.in	*At Bazaartrading, we offer a comprehensive range of services and advisory to give you all you need to know about commodity investments and trading.* *Get online MCX tips advisory from Professional Day Traders and Market Experts. So that, you could get the 85-90% trade profits assured, right service and best results in the long run. Get MCX Intraday Tips, and Commodity Trade Recommendations with* India's No.1 MCX Tips Provider. *We having a very rare background of trading experience and a method you won't find anywhere else.*
www.khelomcx.com	*Employ experienced brokers or advisors to predict investors buying and trading trends at various market environments. The risks a trader might get while trading is minimized by our research services. We offers you the better investment & trading solutions in MCX trading tips, NCDEX share tips, Equity market tips, NIFTY tips, Stock tips, Intraday Tips.* *Guaranteed Maximum Profits*

	Our clients & Traders follows over all research based trading tips and they must be in profit upto Rs 2,00,000 per month. *Accurate Intraday Tips* Our intraday trading tips accuracy levels at 95-99% on a daily basis. Our clients says, " KheloMCX best on the accuracy levels in the industry."

5.2 The website also mentioned the details like: *"First YOU Earn Then Pay Only 10% of YOUR Profit" "We provide 100% Returns in 18-24 Months"*

5.3 The similarities in all three websites are mentioned below:

Sl no	Website address	Mobile number mentioned on website	Address mentioned on website
1	www.100mcxtips.in	9755092012	109, Rajul Arcade, Russel Crossing Jabalpur-482001
2	www.bazaartrading.in	9755092012	109, Rajul Arcade, Russel Crossing Jabalpur-482001
3	www.khelomcx.com	9755092012	111, Rajul Arcade, Russel Crossing Jabalpur-482001

5.4 The pricing for the products mentioned on its two websites (*www.bazaartrading.in and www.khelomcx.in* are same. Prices for each products mentioned on both websites are mentioned below:

Commodity plans:

Sl no	Product	Monthly package (Rs.)	Quarterly Package (Rs.)	Half Yearly Package (Rs.)	Yearly Package (Rs.)
1	Single Segment Premium Plan	**9,800/-**	**23,520/–**	**44,100/–**	**82,320/–**
2	Double Segment Premium Plan	**14,800/–**	**35,520/–**	**66,600/–**	**1,24,320/–**
3	Triple Segment Premium Plan	**20,800/–**	**49,920/–**	**93,600/–**	**1,74,720/–**
4	Basemetal Premium Plus Plan	**14,800/–**	**35,520/–**	**66,600/–**	**1,24,320/–**
5	Energy Premium Plus Plan	**14,800/–**	**35,520/–**	**66,600/–**	**1,24,320/–**
6	Bullion Premium Plus Plan	**20,800/–**	**49,920/–**	**93,600/–**	**1,74,720/–**
7	Basemetal + Energy Premium Plus Plan	**20,800/–**	**49,920/–**	**93,600/–**	**1,74,720/–**
8	Bullion + Basemetal Premium Plus Plan	**25,800/–**	**61,920/–**	**1,16,100/–**	**2,16,720/–**
9	Bullion + Energy Premium Plus Plan	**25,800/–**	**61,920/–**	**1,16,100/–**	**2,16,720/–**
10	Complete MCX Premium Plus Plan	**31,800/–**	**76,320/–**	**1,43,100/–**	**2,67,120/–**
11	Single Segment (Basemetal, Bullion, Energy – Any 1)	**36,800/–**	**88,320/–**	**1,65,600/–**	**3,09,120/–**
12	Triple Segment (Basemetal, Bullion, Energy – All 3)	**61,800/–**	**1,48,320/–**	**2,78,100/–**	**5,19,120/–**
13	Ultra Premium Plan – (Traders Choice)	**81,800/–**	**1,96,320/–**	**3,68,100/–**	**6,87,120/–**

Stock plans:

Sl no	Product	Monthly package (Rs.)	Quarterly Package (Rs.)	Half Yearly Package (Rs.)	Yearly Package (Rs.)

1	Stock Cash Premium Plan	**12,800/-**	**30,720/-**	**57,600/-**	**1,07,520/-**
2	Stock Futures Premium Plan	**18,800/-**	**45,120/-**	**84,600/-**	**1,57,920/-**
3	Stock Cash Premium Plue Plan	**18,800/-**	**45,120/-**	**84,600/-**	**1,57,920/-**
4	Stock Futures Premium Plus Plan	**31,800/-**	**76,320/-**	**1,43,100/-**	**2,67,120/-**
5	Premium HNI Plan – Stock Cash	**25,800/-**	**61,920/-**	**1,16,100/-**	**2,16,720/-**
6	Premium HNI Plan – Stock Futures	**61,800/-**	**1,48,320/-**	**2,78,100/-**	**5,19,120/-**
7	Ultra Premium Plan – Stock Cash	**61,800/-**	**1,48,320/-**	**2,78,100/-**	**5,19,120/-**
8	Ultra Premium Plan – Stock Futures	**81,800/-**	**1,96,320/-**	**3,68,100/-**	**6,87,120/-**
9	Ultra HNI Premium Plan – Stock Cash	**71,800/-**	**1,72,320/-**	**3,23,100/-**	**6,03,120/-**
10	Ultra HNI Premium Plan – Stock Futures	**1,05,800/-**	**2,53,920/-**	**4,76,100/-**	**8,88,720/-**

5.5 As per the information available on the website, payment to subscribe to the services could be made directly to the State Bank of India account number 33637736204 opened in the name of Yash Chawla Proprietor, Khelo MCX Research Services. Further, payment details mentioned on the website www.bazaartrading.in is also SBI Collect and PayUMoney and UPI Payments.

6. It is further observed from an internet search of the particulars of hosting of the website of the firm based on its domain name that prima facie the website of *www100mcxtips.in* was hosted for the first time on June 27, 2014 as available on *www.whoisrequest.com.* Similarly, website of Khelomcx.com was created on July 02, 2013 and website of Bazaar trading was created on January 17, 2018.

7. The following information is gathered from the KYC and Account opening forms and bank account statements:

7.1 The nature of business mentioned in the account opening form was "advisory business".

7.2 Mr. Yash Chawla is a proprietor of Khelo MCX Research Services as per registration certificate of District Labour Office, Jabalpur.

7.3 The address mentioned in account opening form is same address mentioned in three of his websites

7.4 As per the Bank Statement of Yash Chawla, an amount of Rs. 1,25,65,805/- is credited to his account from the period February 05, 2014 to February 12, 2020.

7.5 It is noted from the bank statements that out of Rs. 1,25,65,805/- credited to his account, amounts were received from clients through PayUmoney. Bank account mentioned above was linked to PayUmoney. As per the details provided by PayUmoney it is noted that, Rs. 80,11,824/- were received through PayUmoney from the period November 18, 2015 to February 13, 2020.

8. Considering the above analysis of the details on three websites of Yash Chawla and bank statement of Yash Chawla mentioned on the website, I, prima facie, observe that Yash Chawla, has represented as follows:

a) Yash Chawla, Proprietor of Khelo MCX Research Services is in the business of providing tips for the stock and commodity markets.

b) Yash Chawla, Proprietor of Khelo MCX Research Services offers services in investment planning and strategy for consideration through three websites viz., www.bazaartrading.in , www.100mcxtips.in and www.khelomcx.com.

9. Considering the above facts and circumstances, especially the contents of the website of Yash Chawla coupled with the credit transactions in the Bank Account and UPI payments and payment gateways as detailed in preceding paragraphs, *prima facie*, it is inferred that the fees/ funds credited to the Bank Accounts, were for the purpose of providing the services indicated on the website of Yash Chawla. Hence, as reflected in the bank statements referred to above, I note that Yash Chawla has commenced with the collection

of fees/ funds for the purpose of providing the services from July 2013 and has continued the same at least till the period of examination.

10. It is, *prima facie*, observed that Yash Chawla, Proprietor of Khelo MCX Research Services is placing information in public domain/ advertising by using his three websites viz., *www.bazaartrading.in, www.100mcxtips.in and www.khelomcx.com*, about various services offered by him in the securities market. Further, it is also, *prima facie*, observed that various packages are being offered by Yash Chawla through his websites to avail his services. The website categorically mentions "the advantages of availing its services in various fields of securities market" and the "independent advice" they offer to their clients in the securities market through telephone calls and SMSes.

11. I have perused the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, which states that Investment Adviser means "*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called".* Further, I have perused Regulation 2(l) of the IA Regulations which defines Investment Advice as "*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning."*

12. In light of the aforesaid definitions, it is observed from the contents of the website of the Yash Chawla that the he is holding himself out as investment adviser by *prima facie* offering to provide investment advice as defined under regulation 2(l) of IA Regulations by offering to give advice related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription. Further, as noted from the bank account mentioned on its website khelomcx.com, that there are multiple credit entries which when seen together with the contents of the websites lead to a prima facie conclusion that the credit entries in the bank accounts are consideration for the investment advice given

by the Yash Chawla to its clients. Thus, prima facie the Yash Chawla is an investment adviser as defined under regulation 2 (m) of IA Regulations.

13. Therefore, the activity of Yash Chawla, Proprietor of Khelo MCX Research Services by virtue of his three website contents is holding himself to be giving trading tips, stock specific recommendations, etc., to the investors and general public. The fact that the receipt of money in the bank statements, prima facie, shows, on preponderance of probability, that the credit for payment of fees is in fact meant for the advisory services actually rendered by the him. Therefore, Yash Chawla has not only held himself out as an investment adviser but has also acted as an investment adviser for consideration.

Issue No.2: If answer to the aforesaid issue is in affirmative, whether Yash Chawla, Proprietor of Khelo MCX Research Services has, prima facie, violated any provisions of SEBI act read with IA and PFUTP Regulations?

14. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") reads as under:

"*No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager,* ***investment adviser*** *and* ***such other intermediary*** *who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with,* ***the conditions of a certificate of registration obtained from the Board*** *in accordance with the regulations made under this Act*:"

Further, as per Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as the IA Regulations), the registration of the investment advisers is mandatory. It provides that, *"On and from the commencement of these regulations, no*

person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations".

15. The activities of Yash Chawla, Proprietor of Khelo MCX Research Services, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that Yash Chawla is holding himself out and acting as an investment adviser. However, no material is available on record to indicate that Yash Chawla is holding a certificate of registration as investment adviser. In this context, it is noted that Yash Chawla is not registered with SEBI in the capacity of Investment Advisor and the characteristics and features of the business activity carried out by Yash Chawla, as discussed in the preceding issue, *prima facie*, leads to the conclusion that Yash Chawla is holding himself out and acting as an investment adviser without a certificate of registration.

16. In my view, these activities/ representations without holding the certificate of registration as investment adviser is *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.

17. Further, I would like to refer to the provisions of securities laws which are relevant to the present case i.e. Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") and regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations"). The text of the aforesaid provisions is reproduced below:

SEBI Act

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

Section 12A: *No person shall directly or indirectly:*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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

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

PFUTP Regulations

Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

…

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities".

18. In my view, unregistered investment advisor like Yash Chawla can put investors at great risk by misleading them. The analysis of details of bank account mentioned on the website shows that Yash Chawla has received money in various denominations from various individuals. These proceeds, as discussed in preceding paragraphs, *prima facie*, leads to the inference that it is consideration for the services that Yash Chawla provide in the securities market. Without having a registered investment advisor certificate, Yash Chawla is holding himself out as an investment advisor and offers services through his three websites to investors with the objective of making money / collecting fees through subscriptions. From the details of contents of websites it is noted that investors are lured by the assured/guaranteed return of profit offered by the entity. The firm has claimed the following:

    "First YOU Earn Then Pay Only 10% of YOUR Profit" "We provide 100% Returns in 18-24 Months".

    Thus, by making the aforesaid claims, Yash Chawla is inducing investors to deal in securities by availing his services. Such modus operandi is being continuously used by Yash Chawla which is evident from the fact that there are continuous credits in his bank account.

19. It is also prima facie observed that the conduct of the firm in claiming "assured returns/guaranteed returns" for client's money, is an active concealment of the material fact that every investment in the market is subject to market risk and any investment made by the client can also run into losses and even become zero. Considering the dynamics of the market, the returns from the investment in the market are unpredictable, no matter how much and for how long the investment is made. Any information that puts out for the consumption of its existing and prospective clients has to be done with great responsibility and should be of such a nature that it enables investors to take reasoned and unbiased decisions regarding their investment. This act of conveying guaranteed return is prima facie, indulged for the purpose of luring more customers in its net and thereby increasing the income of the Investment Adviser. In light of the same, the act of the Yash Chawla to

assure his clients of "100% return", is misleading and deceptive act and has been prima facie made with an intent to influence the client to avail its advisory services.

20. The above discussed misleading and misrepresentations are deceptive activities of Yash Chawla is therefore, prima facie, fraudulent and are covered within the definition of "fraud" defined under Regulation 2(1)(c) of the PFUTP Regulations which reads as under:

"fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include--

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent;

(7) deceptive behavior by a person depriving another of informed consent or full participation;

(8) a false statement made without reasonable ground for believing it to be true;

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly;

21. It is noted that *prima facie*, fraudulent activities/ the conduct/ act/ practice of Yash Chawla as discussed above are *prima facie* in violation of provisions of Section 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of PFUTP Regulations.

Issue No. 3: If answer to Issue No. (2) is affirmative, whether urgent directions, if any should be issued against those responsible for the violations?

22. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations and the IA Regulations have been formulated with the main objective of preventing fraud and regulating Investment Advvisory Services to safeguard the interests of investors and hence registration of such activities with SEBI has been made mandatory. The IA Regulations, *inter alia,* seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market.

23. In the instant case, Yash Chawla, Proprietor of Khelo MCX Research Services is soliciting and inducing the investors to deal in securities market on the basis of investment advice, stock tips etc., *prima facie,* without having the requisite registration/certification as mandated under the IA Regulations. Similarly, the PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. Further, it is noted from material available on record of that, the websites are active as on date and money has been credited to the Bank account of Yash Chawla, Proprietor of Khelo MCX Research Services even recently during the period of examination. Thus, the account is active and can continue to be used to collect fees from unsuspecting investors.

7. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Yash Chawla, Proprietor of Khelo MCX Research Services

from collecting any more fees from the public and indulging in unauthorized investment advisory activities. I note that the websites are active as on date and the investors can also reach Yash Chawla (9755092012 as mentioned on website) through telephone also. Therefore, the threat of investors getting lured towards the unregistered activity of Yash Chawla, Proprietor of Khelo MCX Research Services in the securities market is still in existence and imminent. The amount of money, prima facie, observed to have been collected by Yash Chawla is Rs. 1,25,65,805/- and the same indicates the magnitude of the prospective threat to the investors.

8. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from the unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from unregistered investment advisor vis-a-vis an investor who receives such service from a registered investment adviser in consonance with the IA Regulations stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of service from such persons is detrimental to investors and such unqualified service would result in irreparable damage as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victims of such services tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

9. Further if an ex-parte order is not passed, many prospective investors may have to part with large fees and investments resulting into irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the ex-parte orders in the case of private

suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as "whole", is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential loss of investment by the investors by following the advice from an unqualified person and resultant loss of investor's confidence and reliability of securities market, cannot be retrieved, if *prima facie* unregistered investment advice is permitted to be extended to the investors by not passing an *exparte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favour of the entity.

10. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Yash Chawla, Proprietor of Khelo MCX Research Services from collecting any more fees from the public and from indulging in unauthorized investment advisory activities. As noted in the preceding paragraphs, at least till the examination period, monies were being received in the bank account of the firm and bank account is still active. Moreover, the websites of the firm are still active. The aforesaid *prima facie* demonstrates that Yash Chawla can still lure investors to deal in the securities market while acting on its advice and probability of investors reaching them is still high. Therefore, the threat of investors getting lured towards the unregistered activity of Yash Chawla in the securities market is still in existence and imminent.

11. The amount of money, prima facie, observed to have been collected by Yash Chawla, Proprietor of Khelo MCX Research Services is Rs. 1,25,65,805/- and indicate the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an interim ex-parte order against Yash Chawla, Proprietor of Khelo MCX Research Services for preventing them from collecting funds by defrauding investors and by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the

law. As the websites and bank account of Yash Chawla is active and the investors can reach them through telephone also, the balance of convenience demands the preventive measure of stopping the collection of money in the bank account of the Yash Chawla, Proprietor of Khelo MCX Research Services from investors. The same can be effectively achieved by an appropriate direction of stopping the credit into the bank account of Yash Chawla, Proprietor of Khelo MCX Research Services. As Yash Chawla, Proprietor of Khelo MCX Research Services has already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that Yash Chawla, Proprietor of Khelo MCX Research Services needs to be prevented from diverting the funds collected from the investors through the fraudulent and unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank account of Yash Chawla, Proprietor of Khelo MCX Research Services has been incorporated.

12. With the initiation of quasi-judicial proceedings, it is imminent that the Noticee may divert the money collected from the subscribers / clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent Noticee from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of these Noticee and also the interests of those who may fall prey to the unregistered investment advisory by reaching him through the websites or telephone, the balance of convenience lies against the Noticee, and requires immediate action against him including not to divert the money collected from the subscribers / clients / investors.

Order

13. In view of the above, pending detailed examination, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11, 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *interim ex-parte order*, the following directions:

a) *Yash Chawla, Proprietor of Khelo MCX Research Services is directed to:*

i. Cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.

ii. Not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.

iii. Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.

iv. Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc.,physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.

v. Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.

vi. If Yash Chawla, Proprietor of Khelo MCX Research Services has any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Yash Chawla, Proprietor of Khelo MCX Research Services is permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

vii. *To provide a full inventory of all assets held in his name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*

viii. *State Bank of India wherein Yash Chawla (SBI Account No. 33637736204) is holding bank account, is directed not to allow any debits/ withdrawals from and credits to the said account, without the permission of SEBI. The Bank is directed to ensure that all the above directions are strictly enforced.*

ix. *The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of Yash Chawla, Proprietor of Khelo MCX Research Services.*

x. *The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including Mutual Fund units, held in the name of Yash Chawla, Proprietor of Khelo MCX Research Services, are not transferred or redeemed.*

31. This order shall come into force with immediate effect and shall be in force until further orders. This order is without prejudice to the right of SEBI to take any other action that may be initiated against the aforementioned entity in accordance with law.

32. This Order shall also be treated as a Show Cause Notice and Yash Chawla, Proprietor of Khelo MCX Research Services is show caused as to why the various representations made/ services offered by Yash Chawla through his three websites in securities market may not be treated as a fraudulent practice/ act/ conduct, in terms of PFUTP Regulations, why the investment advisory plans floated by them should not be held as "Investment Advisory Services" in terms of the IA Regulations and thereby the activity of Yash Chawla be treated as unregistered activity under the SEBI Act and relevant Regulations.

33. Yash Chawla, Proprietor of Khelo MCX Research Services is also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and

relevant SEBI Rules/Regulations, including appropriate directions for the prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period, directions for being not to be associated with any registered intermediary/ listed entity in the securities market, in any manner whatsoever, and why any direction to refund the amount collected from the investors/clients for its various schemes under Sections 11 and 11B (1) of SEBI Act should not be issued against them.

34. The *prima facie* observations contained in this Order, pending enquiry into submissions, if any, are made on the basis of the material available on record and based on a *prima facie* case and keeping in view of the balance of convenience in the interest of investors. In this context, Yash Chawla, Proprietor of Khelo MCX Research Services may file his objections, if any, within 21 (twenty one) days from the date of this Order and, if so desire, avail an opportunity of personal hearing before SEBI, on a date and time to be fixed on a specific request to be made in that regard.

35. A copy of the order shall be served upon the entity, State Bank of India, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Date: September 07, 2020 **MADHABI PURI BUCH**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA