

L/ENF/SC-268/IR/2024-2025/386

June 10, 2024

**BGSE FINANCIALS LTD (Clg. No. 268)**

Stock Exchange Tower

51,1st Cross

J.C.Road

Bengaluru-560027

Dear Sir/Madam,

**Sub: Inspection of Books of accounts and other documents for Cash Segment for the period April 2022– March 2023**

After scrutiny of your books of accounts and other documents for Cash segment during Inspection for the Financial Year 2023-2024 covering period April 2022 to March 2023 and findings of inspection was forwarded to you vide letter ref. no **L/DOBS/IB-268/IR/2023-2024/1824** dated September 21, 2023 for your comments and you have provided reply/clarification vide your letter dated September 21, 2023.

1. After taking into consideration of your submissions, final action letter was issued to you vide letter ref. no. **L/DOBS/IB-268/IR/2023-2024/3047** dated February 12, 2024, imposing penalty of Rs.10,000/- for Inclusion of contravening clause in the Running Account Authorization of the Online Client Registration Process as per approved penalty norms issued vide Exchange Notice No. 20180214 - 31 dated February 14, 2018.
2. You have requested for waiver of penalty vide email dated February 15, 2024. The matter was placed before the Appropriate Authority in its meeting held on May 22, 2024. Based on the additional submission provided by you, the Appropriate Authority recommended to accede to your request for review of penalty.
3. Post consideration of your written submissions and as per the decision of the Committee, final action letter is being issued enlisting the list of compliances as per **Annexure A**. You are also advised to take necessary steps to ensure that such non-compliances do not recur.
4. Please note that in case the similar non-compliances are observed during a subsequent inspection by the Exchange, applicable action including an escalated penalty may be imposed



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and pursuant to the Exchange Notice No. 20180214 - 31 dated February 14, 2018 and amendment from time to time.


5. Further, you are requested to submit a compliance certificate, from your Compliance Officer within 10 days from the receipt of this letter stating that all the recommendations made above have been implemented. Failure to furnish the compliance certificate within the timelines or submission of an incorrect compliance certificate (in case similar observations are observed by the Exchange or your internal auditor, etc. post the submission of the compliance certificate) may result in further action being initiated by the Exchange.
6. You are also required to place the letter before your Board for necessary action and the letter is to be taken into consideration by your Board for the performance appraisal of the concerned individual who is responsible for the lapse/ deficiency.

We thank you for your co-operation during the inspection.

Yours faithfully,



**Hansen Cardoza**  
**Dy. General Manager**  
**(Enforcement)**



**Shaila Menon**  
**Asst. Gen Manager**  
**(Enforcement)**

BgSe Financials Ltd. (Clg. No. 268)

Annexure A

a) Details of Non-Compliance observed after considering the responses provided, where no monetary penalty is applicable:

Sr. No.	Violation	Notice / Regulatory Requirement	Action
1	Inclusion of contravening clause " All accounts with credit balances of Rs.10,000/- or lesser shall be automatically retained and transfer of funds to the bank account shall not be made." in the Running Account Authorization observed during verification of online client registration process.	20210616-41 dated June 16, 2021	You are advised to ensure compliance with the regulatory requirements
2	Non settlement of client funds	20091204-7 dated December 04, 2009 20210616-41 dated June 16, 2021 20210831-40 dated August 31, 2021 20220331-53 dated March 31, 2022 20220727-48 dated July 27, 2022	You are advised to ensure that settlement of running account of clients' funds is done at least once within a gap of maximum 30 / 90 days between two settlements of running account as per the preference of the client
3	Penalty passed on to clients w.r.t short/non-collection of upfront margins from clients	Exchange Notice 20211012-54 dated October 12, 2021	You are advised to refund the penalty passed on to the client w.r.t short collection of upfront margins to client.



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- Details of observations closed after considering the responses provided:

- Non-reconciliation of securities
- Submission of incorrect data in Cash and Cash Equivalent towards Enhance Supervision
- Incorrectly reported the bank account purpose in BEFS/Not maintained/reported bank account for Down Stream of clients' funds.

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