

June 06, 2024

L/ENF/DU-3199/IR/2024-2025/357

To,
Compliance Officer and Designated Directors
Gateway Financial Services Ltd. (Clg No. 3199)
209/210, JASMINE TOWER
31, SHAKESPEARE SARANI
KOLKATA-700017

Dear Sir / Madam,

Sub: Final letter pertaining to Inspection conducted by the Exchange in FY 2023-24, covering the period 2022-23.

Please refer to **Annexure A** to this letter with the details of non-compliances observed by the Exchange after taking into consideration the submissions and clarifications offered by you. You are also advised to take necessary steps to ensure that such non-compliances do not recur.

A penalty of **Rs. 15,000/- (Rupees. Fifteen Thousand Only)** plus applicable Government levies, is being levied on you for non-adherence to the regulatory requirements pursuant to the Exchange Notice No. 20180214 - 31 dated February 14, 2018.

The penalty will be debited to you through the General Charges Bill. However, if you are aggrieved by the penal action described in the aforementioned paragraph, you may submit a request within a time frame of 10 working days from the date of this letter along with necessary documentary evidence and a request for personal hearing, if required, in support of your request.

All correspondence/email in this matter shall be with subject line "*Reply to Final Action Letter <name of the Trading Member> - <Clg. No.> FY 2023-24*" and is to be marked to the mail id Enforcement@bseindia.com.

It may further be noted that any representations made after the lapse of the 10 working days period from the date of this communication shall not be considered by the Exchange and no further extension shall be granted to file a request for seeking waiver from the Exchange.

If the Exchange does not receive any representation from the Trading Member within the prescribed time frame it will be presumed that the Trading Member does not have any objection and has agreed to pay the penalty to the Exchange.

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 pursuant to the Exchange Notice No. 20180214 - 31 dated February 14, 2018.

 

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.

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)



Vandana Vania
Asst. Gen Manager
(Enforcement)

Name of the Member	GATEWAY FINANCIAL SERVICES LTD
Clearing Number	3199
Inspection Year	F.Y. 2023 – 2024
Date of First Letter	January 20, 2023
Date of Response to First Letter	May 29, 2024

- Details of Non-Compliance observed after considering the responses provided, where monetary penalty is applicable:

1. Inspection observation:

Out of total 60 creditors amounting to Rs. 1,11,78,771/- (as per party trial balance), 21 creditors amounting to Rs. 6,54,548/- are non-moving as on March 31, 2023.

Summary of Member Response is as follows:

With respect to Point No 1 wherein 21 creditors amounting to Rs.6,54,548 are non-moving as on March 31, 2023. The Member has provided the reason for non-moving of funds and the same is tabulated below:

Sr	UCC	Account Name	Net Credit	Member's Reply
1	E003	ESQUIRE ENCLAVE PRIVATE LIMITED	4,91,161	The client is suspended as per SEBI order in the matter of Raford Global, hence we are not able to settle the respective client.
2	F005	FUNCTION FINANCIAL CONSULTANTS PRIVATE LIMITED	42,310	The client is suspended as per SEBI order in the matter of Mystic Electronics and Pine Animation, hence we are not able to settle the respective client.
3	L009	LOKESH DISTRIBUTOR PRIVATE LIMITED	4,949	The client is untraceable and we are trying to contact the client for updating of bank details
4	A028	ARVIND KUMAR	11,300	The client is untraceable from last 5 years
5	A026	ATUL TOMAR	5,000	The client is untraceable from last 5 years
6	B014	B.D.M. SECURITIES PRIVATE LIMITED	74	The client is untraceable from last 5 years
7	B001	BHUWANIA VINIMAY PRIVATE LIMITED	1,200	The client is untraceable from last 5 years
8	B016	BOSS TRAXIM PRIVATE LIMITED	10,000	The client is untraceable from last 5 years
9	K015	KESHAB BHUSHAN ROY	5,000	The client is untraceable from last 5 years

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Sr	UCC	Account Name	Net Credit	Member's Reply
10	M029	MD CHAND BEHLIM	7,806	The client is untraceable and we are trying to contact the client for updating of bank details
11	N012	NARENDRA KUMAR	28,356	The client is untraceable from last 5 years
12	N016	NIRMALA DEVI BARDIA	501	The client is untraceable from last 5 years
13	PN001	PANSARI ORGANOCEM PVT LTD.	6,330	The client is untraceable from last 5 years
14	R016	RAJAN GHOSH	5,000	The client is untraceable from last 5 years
15	S008	SANJAY KUMAR JAIN	13,885	The client is untraceable from last 5 years
16	S007	SANJIV KUMAR DUGAR	738	The client is untraceable from last 5 years
17	S031	SCOPE VYAPAR PRIVATE LIMITED	939	The client is untraceable from last 5 years
18	S012	SHRI VINAYAK SECURITIES & COMMODITIES(SUSHILKUMAR)	5,000	The client is untraceable from last 5 years
19	S009	SMVD FINANCIAL CONSULTANTS	5,000	The client is untraceable from last 5 years
20	S016	SUMANA FADIKAR	5,000	The client is untraceable and we are trying to contact the client for updating of bank details
21	R014	RAJAN SHRIVASTAVA	5,000	The client is untraceable from last 5 years

Analysis: -

From the above instance-wise explanation, it is noted that in 2 instances, the funds were not released to clients based on SEBI order and in 19 instances the clients were inactive and untraceable. The Member has not marked these clients as INACTIVE and also marked as "NO" in "UNCLAIMED UNSETTLED CLIENT FUNDS" in column of Cash and cash equivalents. Also the unclaimed funds of these clients were not up-streamed to CM/CC.

Decision:

From the above it is observed that in 19 instances there was non-compliance ($19/376 \times 100 = 4.96\%$) percentage of which is less than 5%. Therefore, penalty of **Rs.15,000 /- (Rupees. Fifteen Thousand only)** is being levied for non-settlement of clients' accounts.

You are advised to ensure the settle clients' accounts to ensure to comply in future. You may please refer to Exchange notice no. 20091204-7 dated December 04, 2009, Exchange Notice No. 20160927-41 dated September 27, 2016, Exchange notice no. 20210616-41 dated June 16, 2021, 20210831-40 dated August 31, 2021, 20220331-53 dated March 31, 2022 Exchange Notice no. 20220727-48 dated July 27, 2022.

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

Sr. No.	Violation	Notice / Regulatory Requirement	Action
2	Incorrect submission of Holding statement to Exchange	20160927-41 dated September 27, 2016 20200731-25 dated July 31, 2020 20200930-66 dated September 30, 2020 20201217-54 dated December 17, 2020 20210118-31 dated January 18, 2021 20210927-48 dated September 27, 2021 0220903-1 dated September 03, 2022 20230113-13 dated January 13, 2023	You are advised to ensure periodic reconciliation of securities between Register of Securities and demat accounts.
3	Submission of incorrect data to the Exchange under Enhanced Supervision – Cash and cash equivalent.	20160927-41 dated September 27, 2016 and 20161020-17 dated October 20, 2016, 20170623-14 dated June 23, 2017, 20201217-54 dated December 17, 2020, 20210927-48 dated September 27, 2021 and 20220903-1 dated September 3, 2022.	You are advised to ensure correct reporting of creditors under enhance supervision.

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