

L/ENF/SM-333/IR/2024-2025/457

June 26, 2024

To,  
Compliance Officer and Designated Directors  
**Jaysukhlal Jagjivan Stock Broking Pvt. Ltd**  
**Stockbroker Clg. No. 333**  
406, P. J. Tower, 4<sup>th</sup> Floor  
Dalal Street, Fort,  
Mumbai 400001

Dear Sir,

**Sub: Inspection of Books of accounts and other documents for Cash Segment for period April 2020 – March 2021**

1. After scrutiny of your books of accounts and other documents for Cash Segment during inspection for the Financial Year 2021-2022 covering period April 2020 to March 2021 and the findings of the inspection was forwarded to you vide letter No. L/DOBS/KM-333/IR/2022-2023/414 dated January 31, 2023 for your comments and you have provided reply/clarification vide your letter dated February 8, 2023.
2. After taking into consideration of your submissions, final action letter was issued to you vide letter ref.no. L/DOBS/MM-333/IR/2023-2024/339 dated May 30, 2023, was issued to you imposing penalty of **Rs.2,00,000/- (Rupees Two Lakhs only)** imposed for Incorrect submission of data towards Enhanced Supervision - Weekly upload of Holding Statement and Misuse of client's funds towards margin obligation of debit balance clients and proprietary margin obligation pursuant to the approved penalty norms issued vide Exchange Notice No.20180214-31 dated February 14, 2018.
3. You have requested for waiver of penalty vide email dated July 18, 2023 and October 11, 2023.
4. You were provided an opportunity for personal hearing and the Appropriate Authority after hearing your submission requested you to submit additional details available with you. Based on the clarification/submission provided by you, the Appropriate Authority recommended reduction of penalty **from Rs.2,00,000/- to Rs.1,00,000/- (Rupees One Lac only)** which was thereafter approved by the Member and Core Settlement Guarantee Fund Committee (MCSGFC) in its meeting held on May 7, 2024.
5. Post consideration of your personal hearing and written submissions and as per the decision of the Appropriate Authority, 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.

6. 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 and pursuant to the Exchange Notice No. 20180214 - 31 dated February 14, 2018 and amendment from time to time.
7. 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.
8. 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)

M/s. Jaysukhlal Jagjivan Stock Broking Pvt. Ltd. ( Clg.no.333)

Annexure A

a) Details of Non-Compliance observed after considering your personal hearing and written submissions the responses provided, where monetary penalty is applicable:

Mis-utilizing client's funds for other than specified purposes:

**Observation:** During verification of client assets report submitted weekly, it is observed that the stock broker has violated the principle “J” of the enhanced supervision i.e., the stock broker has utilized client funds towards margin obligations of Debit balance clients and proprietary margin obligation from clients assets. Maximum amount of misuse observed on 20-Aug-2021 involving an amount of Rs. 801,518/-.

Submissions by the member:

In regard to misutilization of client’s funds utilized towards margin obligation of debit balance clients and proprietary margin obligation. We have to inform you that while calculating margin obligations we have taken into account BG+FD amounts which were not correct and we were not aware of the same. We came to know only while interacting with Ms. Shaila Menon who explained to us that which client’s fund is utilized towards margin obligation of debit balance clients and proprietary margin obligation we do not have to take into account BG+FD.

**Oral Submission by the member before the Appropriate Authority in its meeting held on October 13, 2023:**

Mr. Nitin Jaysukhlal Doshi (Designated Director) & Mr. Vipul Girish Mistry (Authorized Person) made its representation before the Appropriate Authority in its meeting held on October 13, 2023 and made their submissions.

- It was informed that for computing client’s fund utilized towards margin obligation of debit balance clients BG+FD amounts were considered.
- We had come to BSE and on interacting with the Officials understood that BG+FD amounts are not to be considered for client’s fund utilized towards margin obligation of debit balance clients and also understood the components for correct reporting.
- It was not deliberate but by mistake.
- We have subsequently rectified the submission.

**Analysis of the Submission :** From the submission of the Member, it is noted that :

- Member has incorrectly considered the component “Cash/Fixed Deposit which are deposits placed as collateral with Clearing Corporation/Clearing” under Bank Balance (Client A/c + Settlement A/c) to Exchange.

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In the given scenario the principle G is **Positive** and the Principle calculation is tabulated below:-

A Bank Balance (Client A/c + Settlement A/c)	B Collateral (Cash & Cash eqv) with CC/CM in form of FD & BG (Funded portion)	C Aggregate value of Credit Balances across all Exchanges	Principle G	P Margin obligation of Pro position	MC Margin obligation of Credit balance clients	Unutilized value of collateral lying with CC/CM (MF)	Principle J (C-A) –( MC+MF)
3,99,300	30,00,000	15,52,766	18,46,534	34,60,213	3,51,948	0	8,01,518

After considering the additional submission of the member there is no change in the Principle 'J' observation.

**Decision of the Appropriate Authority :**

After deliberating on the relevant facts and explanations provided by the member, the Appropriate Authority noted that Trading Member was not updated with the various components of SEBI Circular on Enhance Supervision which cannot be based for considering the lapse by the Trading Member. Therefore, it was unanimously decided to not accede to the request for waiver of penalty of Rs.1,00,000/- imposed.

Further, the Appropriate Authority has considered the submissions and decided that warning be issued for incorrect submission of data towards Enhanced Supervision - Weekly upload of Holding Statement

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

Sr. No.	Violation	Notice / Regulatory Requirement	Action
1	<b>Incorrect Submission of data towards Enhanced Supervision- Weekly Upload of Holding Statement</b>	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, 20220903-1 dated September 03, 2022, 20230113-13 dated January 13, 2023.	Warned to ensure to report correctly in the holding statement under Enhanced Supervision.

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