

June 11, 2024

L/ENF/DU-405/IR/2024-2025/387

To,
Compliance Officer and Designated Directors
LATIN MANHARLAL SECURITIES PVT.LTD. (Clg.no.405)
VIRAJ BUILDING,5TH FLOOR
124,S.V.ROAD
KHAR (WEST)
MUMBAI-400052

Dear Sir / Madam,

Sub: Final letter pertaining to Inspection conducted by the Exchange in FY 2023-24

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. 25,000/- (Rupees Twenty - Five Thousand Only)** plus applicable Government levies, is being imposed 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)

Annexure A

Name of the Member	LATIN MANHARLAL SECURITIES PVT.LTD
Clearing Number	405
Inspection Year	F.Y. 2023 – 2024
Date of First Letter	17-01-2023
Date of Response to First Letter	24-01-2024

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

1. Inspection observation: Inspection Observation On verification of securities held by broker with NSDL and CDSL holdings as on 6th January 2023, in comparison with the register of securities of the TM.

Particulars	ISIN count	With Broker	With CDSL	With NSDL	Difference
Securities short with broker	3	3,76,838	3,76,961	9,610	9,734
Securities not reflected with broker	2	-	-	35	35

ISIN	Scrip Name	Member Holding Qty ROS	CDSL Holding Qty	NSDL Holding Qty	Total CDSL & NSDL Holding Qty	Diff.	Bhav Copy	Value as on 06-01-2023
INE528G01035	YES BANK LTD.	3,70,975	3,71,741	8,439	3,80,180	9,205	21	194225.5
INF732E01037	NIPPON INDIA ETF LIQUID	5,825	5,182	1,031	6,213	389	1000.01	3,88,694.89
INF740KA1EU7	INAV DSP LIQUID ETF	38	38	140	178	140	1000	1,40,000.00
INE883A01011	MRF LIMITED - EQUITY SHARES	-	-	10	10	10	93103.15	9,31,031.50
INE528G01027	YES BANK LIMITED EQ NEW FV RS. 2/-	-	-	25	25	25	21	527.5
								16,54,479.39

Summary of Member Response is as follows:

This is with reference to your First Observation Letter, regarding NSDL and CDSL holdings Mismatch as on 6th January 2023 (Annexure D), we had given our reply with clarification:

(Handwritten initials)

Sometimes due to technical issues, we are unable to do entries in our back office software hence such mismatch raised. Once the issues were resolved, we passed the entries in our back office and we transferred the said shares in clients' accounts.

Please note that the amount involved is nominal and we have not delayed such transfer intentionally.

Analysis:

Upon verification of the Register of Securities of the Member and transaction statement of the following demat accounts as on 06 January 2023, it is noted that the Member had incorrectly reported NSDL/CDSL available quantity to holding statement reporting and attributed the same to technical issue:

- IN300011-10003141-BENEFICIARY CLIENT-Stock Broker - Proprietary
- IN301330-20014384-BENEFICIARY CLIENT-Stock Broker - Collateral
- IN301330-17870750-CLEARING MEMBER-Clearing Member Pool Account
- IN301330-17991806-CLEARING MEMBER-Clearing Member Pool Account
- 1100001000018794- Pool Account

It was noted that the incorrectly reported securities belonged to clients. The details showing same along with valuation of securities is as follows:

ISIN	Scrip Name	New Difference of client securities.	Rate as on January 06, 2023	Value securities as on 06-01-2023
INE528G01035	YES BANK LTD.	9,205	21	193305
INF732E01037	NIPPON INDIA ETF LIQUID	5,571	1000.01	5571046.71
INF740KA1EU7	INAV DSP LIQUID ETF	140	1000	139984
INE883A01011	MRF LIMITED - EQUITY SHARES	10	93103.15	931031.5
INE528G01027	YES BANK LIMITED EQ NEW FV RS. 2/-	25	21	525
			Total	68,35,892.21

Decision:

From the above it is noted that the Member did not reconcile client securities resulting into non-reporting / incorrect reporting of securities to the Exchange. Hence a penalty of Rs.25000/- is being levied on the Member for non-reconciliation of securities.

YS. 

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

Sr. No.	Violation	Notice / Regulatory Requirement	Action
1.	Aadhar Number not masked under e-KYC Aadhaar Authentication service of UIDAI	20200513-29 dated May 13, 2020	You are advised to ensure compliance with the Regulatory guidelines with respect to Masking of Aadhar Numbers.
2.	Non reconciliation of the Exchange UCC database and Back office database of the Member.	20140801-19 dated August 1, 2014, 20140811-25 dated August 11, 2014 and 20140819-17 dated August 19, 2014 and 20160927-41 dated September 27, 2016, 20161020-17 dated October 20, 2016	You are advised to ensure that own back-office and Exchange UCC database is updated at all times.
3.	Submission of incorrect Net worth Certificate	20210809-50 dated August 9, 2021	You are advised to correctly compute the net worth and submit correct certificate to the Exchange.

Details of observations closed after considering the responses provided: -

- Incorrect reporting under Enhanced Supervision.
- Assigning same mobile Number and Email id to multiple clients.

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