

L/ENF/AG-6295/IR/2024-2025/957

November 06, 2024

To,
Compliance Officer and Designated Directors
Pinnacle Forex & Securities Pvt. Ltd. (Clg no. 6295)
Office No.A-1307, O2 Commercial Bldg.,
Plot No.23-24, Near Minerva Industrial Estate,
Mulund West,
Mumbai-400080

Dear Sir / Madam,

Sub: Final letter pertaining to Inspection of Authorised person viz- Mr. Amit Ratilal Sethia conducted by the Exchange in FY 2024-25.

Please refer to **Annexure A** to this letter containing 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. 1,30,000/- (Rupees One lakh Thirty Thousand Only)** 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 2024-25*" 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,



Vandana Vania
Asst. Gen Manager
(Enforcement)



Shaila Menon
Asst. Gen Manager
(Enforcement)

Annexure A

Name of the Member	PINNACLE FOREX & SECURITIES PVT LTD
Clearing Number	6295
Inspection Year	F.Y 24-25
Date of First Letter	September 27, 2024
Date of Response to First Letter	October 09, 2024, October 10, 2024

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

1. Inspection Observation:

Following information/documents were not displayed by the Authorised Person:

- SEBI registration certificate of the Member
- Approval letter issued by the Exchange to AP
- Notice Board giving details of the Member
- Do and don'ts for investors.
- Information about the grievance redressal mechanism.

Response of the Member:

We have strictly complied with all regulations, and there has never been any intent of non-compliance. Due to ongoing redevelopment in our office, we had temporarily removed certain documents. However, despite the work still being in progress, the following information/documents have now been properly displayed, ensuring compliance with the requirements.

- SEBI registration certificate of the Member
- Approval letter issued by the Exchange to AP
- Notice Board giving details of the Member
- Do and don'ts for investors.
- Information about the grievance redressal mechanism.

Analysis: -

The Member stated that due ongoing redevelopment in its office, they had removed the documents/ details displayed. Mr. Sachin Gala the dealer of the AP had accepted this non-compliance on behalf of Mr. Amit Ratilal Sethia (Authorised Person) and had signed the POR which mentioned this non-compliance on the date of inspection i.e., June 10, 2024. No reasoning of ongoing redevelopment work was given by the AP at the time onsite inspection for removal of the above mentioned documents.

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Decision:

A penalty of Rs. 30,000/- is being levied on the Member for not ensuring that its APs display SEBI registration certificate of the Member, Approval letter issued by the Exchange to AP, Notice Board giving details of the Member, Do and don'ts for investors and Information about the grievance redressal mechanism at all times.

2. Inspection Observation:

Dealer (Mr. Sachin Gala) of Authorized Person (Mr. Amit Ratilal Sethia) of Pinnacle Forex & Securities Pvt. Ltd. is operating terminal from location other than registered terminal location as per Exchange records. Details are as follows:

AP Name	CTCL ID/Location ID	AP PAN	No. of Terminal	Terminal Location as per Exchange Records	Actual Terminal Location
Amit Ratilal Sethia	400078001100 1001	AAEPS66 01H	1	Shop No. 5, Aareel Tower, Bhatipada Cross Road, Bhandup West	Shop no. 2B, Bldg no. 6, Kukreja Complex, L B S Marg, Opp. Jain Mandir, Bhandup (W). Mumbai – 400078

Response of the Member:

The address recorded in the Exchange records corresponds to a building that is currently undergoing redevelopment, and the AP did not provide us with written confirmation regarding this matter. This was a temporary arrangement, not a permanent one. However, this issue has now been addressed, and the terminal address has been updated in the Exchange records to reflect the current situation.

Analysis:

The Member accepted the non-compliance. During onsite inspection the AP too accepted this non-compliance, and its dealer Mr. Sachin Gala signed the POR on behalf of the AP Mr. Amit Ratilal Sethia mentioning this non-compliance. No reason of redevelopment was mentioned at that time for shifting of terminal location. As per the exchange records, the terminal location was updated on June 23, 2024, which is post inspection

Decision:

A penalty of Rs. 1,00,000/- is being levied on the Member for not ensuring that trading terminals are at branch office of the AP and the location details are uploaded to the Exchange.

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

Sr. No.	Details of Non-Compliance	Notice / Regulatory Requirement	Action
1.	It was noted that the dealer Mr. Sachin Gala of the AP viz., Amit Ratilal Sethia, is a CA by profession. He carries out his CA practice from the same office. The terminal that he uses for trading also has his accounting software (TALLY) for his CA business. Outside his office the name board that he has displayed also pertain to his CA Practice and not as Authorised person of Pinnacle Forex & Securities Pvt. Ltd. Hence it can be construed that is no proper segregation and demarcation maintained by the AP while carrying out his other activity.	SEBI circular No. CIR/MIRSD/3/2014 dated August 28,2014, MIRSD/DR-1/Cir-16/09 dated Nov. 06,2009 BSE Notice no. 20191018-43 October 18, 2019	You are advised to ensure that that AP maintains proper segregation and demarcation in its office at all times.
2.	The AP has not maintained Voice recording system.	20070906-10 dated September 06, 2007	You are advised to ensure that to execute client trades only after obtaining / keeping the evidence of the client placing such order and maintain the same.

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