

**May 25, 2022**

**The Manager,  
Listing Department,  
BSE Limited,  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Mumbai 400 001.  
BSE Scrip Code: 542773**

Dear Sir/ Madam

**Sub: Clarification /Confirmation on news item appearing in “Media/Publication”**

This is with reference to your email dated May 24, 2022 seeking clarification on the recent news item which appeared in the “livemint.com” dated May 20, 2022 captioned “Sebi Imposes A Penalty of 1 Crore On IIFL Securities For Violating Provisions.

In relation to the same, please note that the IIFL Securities Limited (“**the Company**”) as a responsible market intermediary have implemented SEBI Circular on Enhanced supervision dated September 26, 2016 regarding monitoring of clients’ funds calculation and implemented the systems and processes.

With regard to the present order, the same is with respect to very old SEBI inspection conducted in 2014, wherein although the inspection was for the period April 2011 to June 2014, SEBI applied the new methodology prescribed vide SEBI Circular on Enhanced supervision dated September 26, 2016 regarding monitoring of clients’ funds calculation retrospectively. Accordingly, the Company responded that the allegations are improper and not in line with the industry wide practice followed since 1993 to June 30, 2017 by all the brokers.

The Company submitted that there was always adequate surplus of our own funds lying in clients’ pool account/and exchange settlement account and margins with exchanges on all the particular days as per the erstwhile practices followed by all the brokers as demonstrated in our replies. Accordingly, the surplus of our own funds were only used towards the transfer to and from Commodities, Insurance, Wealth Management, Realty, Foreign Remittances, transactions pertaining to FD, MF, ICD etc.

Further, the Company had not misused client funds, hence interest on misuse of funds was a notional figure arrived at by SEBI considering hypothetical interest rate and borrowings.

**IIFL Securities Limited**

Corporate Identity Number: **L99999MH1996PLC132983**

**Regd. Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400 604  
Tel: (91-22) 6272 7000 • Fax: (91-22) 2580 6654 • E-mail: [secretarial@iifl.com](mailto:secretarial@iifl.com) • Website: [www.iiflsecurities.com](http://www.iiflsecurities.com)

The Company further submitted that it had always issued pay-outs to the clients as per the clients' request/ settlement periods and there has been no instance observed by SEBI or Exchanges' wherein we were unable to make payment to the clients due to insufficiency of funds.

In this regard, the Company is in discussion with legal counsel for further course of action.

Kindly consider the same and oblige.

Thanking you,  
Yours faithfully

**For IIFL Securities Limited**



**Meghal Shah**  
**Company Secretary**  
**Email: [secretarial@iifl.com](mailto:secretarial@iifl.com)**

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