(2023) 06 SEBI CK 0067

In the Securities Appellate Tribunal Mumbai

Case No : Miscellaneous Application No. 776 Of 2023, Appeal No. 527 Of 2023

IIFL Securities Ltd APPELLANT

Vs

Securities And Exchange Board Of India RESPONDENT

Date of Decision : 27-06-2023

Acts Referred:

Citation : (2023) 06 SEBI CK 0067

Hon'ble Judges : Tarun Agarwala, Presiding Officer;Meera Swarup, Technical Member

Bench : Division Bench

Advocate : Darius Khambata, Somasekhar Sundaresan, Kunal Katariya, Sahebrao Wamanrao Buktare, Ashmita Goradia, Shardul Shah, Ramaiya, Mamta Singh, Prasad Umrale, Gaurav Joshi, Suraj Choudhary, Nishit Dhruva, Ravishekhar Pandey, Rasika Ghate, Shefali Shankar

Judgement

1. Connect with Appeal No. 387 and 388 of 2022.

2. Let a reply be filed by the respondent within three weeks from today. Rejoinder may be filed within three weeks thereafter. The matter would be listed for admission and for final disposal on August 23, 2023.

3. We find that the allegations against the appellant is, that they were mixing clients' funds with proprietary funds by routing transactions through common control accounts, and that they were utilizing funds of credit balance clients for settlement obligation of debit balance clients and, further utilizing funds of credit balance clients for settlement obligation of proprietary trades.

4. It transpires that the aforesaid violation was made on the basis of inspection of the books of account which was carried out for the period April 01, 2011 to December 31, 2013 pursuant to which the Adjudicating Officer ("AO") initiated proceedings which resulted in passing a penalty order of Rs. 1 crore each. Against these penalty orders Appeal Nos. 387 and 388 of 2022 was filed in which interim orders were passed by the Tribunal. These appeals are pending

consideration before this Tribunal. Further, supplementary inspection was carried out up to January 31, 2017 pursuant to which the present proceedings were initiated and the impugned order was passed. In paragraph 22 of the impugned order the Whole Time Member ("WTM") records that the instant proceedings arose from the same facts and allegations and further went on to hold that it was permissible under the framework of the SEBI Act to issue separate proceedings. Prima facie, this aspect is required to be considered.

5. In view of the aforesaid, since interim orders were passed in the earlier appeals which are pending, we direct that the effect and operation of the impugned order shall remain stayed during the pendency of the appeal.

6. This order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Certified copy of this order is also available from the Registry on payment of usual charges.