METROPOLITAN STOCK EXCHANGE OF INDIA LTD (MSEI)

(formerly known as MCX Stock Exchange Ltd)

DISCIPLINARY ACTION COMMITTEE

ORDER UNDER RULES 1 & 2 OF CHAPTER V OF THE RULES OF METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

1. Background

1.1 Max Planwealth Securities Limited (Maxplan), is a trading Member on the of Metropolitan Stock Exchange of India Ltd. ("the Exchange") and is registered with Securities and Exchange Board of India (SEBI) on Equity, Equity Derivatives and Currency Derivatives segments of the Exchange. The details of registration are as follows:

Sr No	Segment	Type	Regn No	Date
1	Equity	SCM	INB261439138	28-Feb-12
2	Equity Derivatives	TM	INF261439138	28-Feb-12
3	Currency Derivatives	TM	INE261439138	28-Feb-12

1.2 The member is a member in Exchange's Wholesale Debt Market Segment.

1.3 The Member has not activated its membership on the Exchange till date and there are no deposits of the member with the Exchange.

1.4 On SEBI's advise, it was decided that a special purpose inspection of the member shall be carried out in the 'not activated' category to verify the compliance with Securities Contract Regulation Rules (SCRR) Rule 8(i) (f) and 8(iii) (f) and the findings (if any), shall be forwarded to SEBI. The scope of such inspection shall be verification of:

i. Compliance with Regulation 8 (1) (f) & 8 (3) (f) of SCRR i.e. (not to deal in commodities / business other than securities)

ii. Unapproved changes such as change in the control of member entity, Change in the constitution, change in the shareholding, etc.

iii. compliance with Net worth criteria as prescribed

iv. location of Member's office as per the details available with the Exchange

Inspection:

2. Accordingly the Exchange vide letter dated November 07, 2014 communicated to Maxplan its intention to carry out the inspection. It was also intimated to Maxplan on its official mail id compliance@maxplanwealth.com and Maxplan was requested to keep the information/details/documents as mentioned in the Inspection Data Requisition (IDR), ready at the time of inspection. However the email was not delivered to the said email id and bounced back with a message delivery has failed to these recipients.

3. As decided by the Exchange and intimated to Maxplan, the officials from Exchange's Kolkata Branch office visited its office located at at Block-A. 11th Fllor, DLF IT Park, New Town, Rajarhat, Kolkata – 700156 (Registered/Communication Office Address as per Exchange records) for conducting inspection on November 12, 2014. However, the Exchange officials were denied entry to the DLF IT Park by the Security Guard posted at the Main Gate in spite of producing the letter of the Exchange as well as their Identity cards.

4. They were informed that the office of Maxplan on the 11th floor of the building has been closed and the said premises are inaccessible. Numerous calls were made on the landlines number available with the Exchange officials, however they went unanswered. Hence a call was made on the available mobile no 09330980378 and the same was attended by Mr. Siddhartha Modak (Ex-designated director of Maxplan). He confirmed the aforesaid matter.

5. Hence there was no alternative other than to conclude the visit without any physical verification or obtaining any written details / documents.

6. Again, the Exchange vide letter dated November 25, 2014 reiterated the requirement of inspection. In order that the communication should reach the correct personnel, the said letter was also the sent on the following residential addresses of all the Designated Directors viz., Mr. Siddharth Modak, Mr. Mrityunjay Karmakar, Mr. Rahul Sarkar and Mrs. Ranjita Podder. SEBI was also informed of the same vide email dated November 25, 2014.

Mr. Siddharth Modak Director Max Plan Wealth Securities Ltd 10, Gopimohan Dutta Lane, Kolkata – 700003 Tel:-9051237711	Mr. Mrityunjay Karmakar Director Max Plan Wealth Securities Ltd 8 No. Biswaspara Lane PO-Ranaghat, Nadia – 741201 Tel:- 9051238866
Mr. Rahul Sarkar Director Max Plan Wealth Securities Ltd Kumudnagar, Mouja-Nasra Nadia – 741202	Mrs. Ranjita Podder Director Max Plan Wealth Securities Ltd Bhatrapally, PO-Nabapally, Kolkata - 700126

7. In reply to this letter, one of the Directors (as per Exchange records) Mr. Siddhartha Modak vide letter dated December 2, 2014 acknowledged the said Exchange letter and informed the Exchange that he has resigned from the directorship of Maxplan on 25-Mar-2014. From the dispatch records, it was observed that the said letter was received by following three directors:
   7.1. Addressed To : Mr. Siddharth Modak, Received on 28-Nov-2014 at 2.00 p.m. by courier and on 2-Dec-14 by Speed Post, Received by : Mr. Ali Hoossain
   7.2. Addressed To : Mr. Mrityunjay Karmakar, Received on 28-Nov-2014 at 12.30 p.m. by courier and on 2-Dec-14 by Speed Post, Received by : Mr. Mrityunjay Karmakar
   7.3. Addressed To : Mrs. Ranjita Podder, Received on 2-Dec-14 by Speed Post

8. However, there was no reply to this letter from these Directors apart from Mr Siddhartha Modak.

9. Since no reply was received by the Exchange from any other Director, apart from Mr Siddhartha Modak, 3 reminders vide letter dated December 22, 2014 dated December 29, 2014 and dated January 06, 2015 giving time to provide date of inspection were sent. Copies of the said letters were also sent on the residential addresses of the Directors.

10. From the dispatch records, it was observed that the letter dated 22-Dec-14 was received by following three directors, still no one communicated with the Exchange:
    10.1. Addressed To : Mr. Rahul Sarkar, Received on 14-Jan-15 by Speed Post

10.2. Addressed To : Mr. Mrityunjay Karmakar, Received on 30-Dec-14 by Speed Post

10.3. Addressed To : Mrs. Ranjita Podder, Received on 5-Jan-15 by Speed Post

11. Considering that full co-operation was not extended to the inspection official and that the basic and continuing membership requirement of the Exchange was not fulfilled, a show cause notice was issued to Maxplan vide Exchange letter No. MCX-SX/INSP-2014-15/RE/07/1125/967 Dated February 26, 2015 asking as to why disciplinary action should not be taken in accordance with Rules 1& 2 and other applicable provisions of Chapter V of the Rules of the Exchange and was also advised to appear before the Committee to present their case. The letters were sent on member's office address as well as residential addresses of the all the Directors.

12. It was observed that the above mentioned Show Cause Notice was received by following two Directors viz., Mr Mrityunjay Karmakar and Mrs Ranjitha Poddar. However, there was no communication from them.

12.1. Addressed To : Mr. Mrityunjay Karmakar, Received on 03-Mar-2015 at 15.00 p.m. by courier, Received by : Madhumita Karmarkar and delivered by Speed Post on 4-Mar-15.

12.2. Addressed To : Mrs. Ranjita Podder, Received on 03-Mar-2015 by Speed Post

13. The Exchange then placed the matter before the Disciplinary Action Committee (DAC) of the Exchange in its meeting held on March 13, 2015. The member did not appear before the Committee.

Consideration:

14. The matter was placed before the DAC in its meeting held on March 13, 2015. The member was informed of the same vide letter dated February 26, 2015 and offered a personal hearing before the DAC to present their case. The Member was also informed that, the Committee after considering Maxplan's written reply and oral submissions, if any, shall decide on the action to be taken in the matter under Chapter V of the Rules of the Exchange, which may include monetary penalty / expulsion / suspension / termination of membership of the Exchange. Though the show cause-cum-hearing notice letter was received by two Directors viz., Mr Mrityunjay Karmakar and Mrs Ranjitha

Poddar, the member neither appeared before the DAC nor sent any reply to the Exchange.

During the meeting held on March 13, 2015, the following facts and records were considered by the DAC for arriving at a decision in the matter:

14.1. The member did not comply with various Rules/Regulations/Bye-laws of the Exchange/SEBI, including the following:

14.1.1. In terms of Regulation 16.1 of the Regulations of the Exchange, the Exchange is empowered to undertake inspection of books of accounts, other records and documents of its Trading Members.

14.1.2. Regulation 4.2.1 (d) of the Regulations of the Exchange, requiring the Member to maintain various records and books of accounts and make available for inspection by any person authorised in this behalf by the Exchange, the information related to such Trading Member's financial condition as specified by the Exchange for this purpose.

14.1.3. Regulation 15.1.14 of the Regulations of the Exchange requires the Members to intimate to the Exchange the place where these records are kept and available for audit/inspection.

14.1.4. Bye-Law 2(h) of Chapter VI of the Bye-laws of the Exchange, requires the Member to extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Stock Exchange, into or in regard to any trades, dealings, their settlement, accounting and/or other related matters.

14.1.5. Regulation 15.2 of the Regulations of the Exchange specifies that the Member shall prepare, maintain and submit to the Exchange, annual accounts for each financial year, not later than six months after the end of the Trading Members financial year.

14.1.6. Exchange circular no. MCX-SX/MEM/1265 /2013 dated June 20, 2013 and SEBI circular no. Cir/MIRSD/14/2011 dated August 2, 2011 mandates the members to submit information to the Exchange on shareholding /dominant promoter group and details and director details.

14.2. Even after repeated follow-ups, the member neither allowed the exchange to conduct inspection nor submitted any documents for verification.

15. Decision

15.1. The Committee noted that the Exchange has followed up with the member on numerous occasions and has given multiple opportunities for presenting their case in person before the DAC of the Exchange. It is also evident that the principle of natural justice has been aptly followed by the Exchange in its approach.

15.1.1. In terms of Rule 32 of the Exchange 'The relevant authority shall from time to time prescribe conditions and requirements for continued admittance to trading membership which may, inter alia, include maintenance of minimum net worth and capital adequacy, renewal of certification, if any, etc. The trading membership of any person who fails to meet these requirements shall be liable to be terminated.'

15.1.2. Further, Rules 1 and 2 of Chapter V of the Rules of the Exchange provide as follows

Rule 1: "*The relevant authority may expel or suspend and/or fine under censure and/or warn and/or withdraw any of the membership rights of a trading member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of the Stock Exchange or of any resolutions, orders, notices, directions or decisions or rulings of the Stock Exchange or the relevant authority or of any other Committee or officer of the Stock Exchange authorised in that behalf or of any conduct, proceeding or method of business which the relevant authority in its absolute discretion deems dishonorable, disgraceful or unbecoming a trading member of the Stock Exchange or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of the Stock Exchange or prejudicial or subversive to its objects and purposes*"

Rule 2: *In particular and without in any way limiting or prejudicing the generality of the provisions in Rule (1) above, a trading member shall be liable to expulsion or suspension or withdrawal of all or any of its membership rights and/or to payment of a fine and/or to be censured, reprimanded or warned for any*

misconduct, un-businesslike conduct or unprofessional conduct in the sense of the provision in that behalf contained herein.

15.2. From the aforesaid series of events, it is clear that the member has deliberately not complied with the requirements laid down by SEBI/Exchange. The Member has also not replied to the communication from the Exchange sent at various points of time.

15.3. Considering the series of events, the provisions of the Rules, Bye-laws and Regulations of the Exchange and the non-inclination of the Member to comply with the requirements of the Exchange, we hereby direct that the Member viz., Maxplan Wealth Securities Limited., be suspended from the membership of the Exchange with immediate effect.

Dated this May 29, 2015

Thomas Mathew T. Prof. (Mrs.) Ashima Goyal