

**DETAILS OF DISCIPLINARY ACTION INITIATED BY REGULATORS AGAINST IIFL Securities Limited & its Subsidiaries**

**A) PAST AND COMPLETED - Fully Exonerated/Proceedings dropped by Regulators/Orders fully complied with:**

**I) INDIAN REGULATORS**

**1. IIFL Securities Limited ( Formerly known as India Infoline Limited):**

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>Regulatory Authority</b> | <b>Subject Matter/Allegations</b>   | <b>Orders/Findings</b>  | <b>Corrective Measures implemented/Present Status</b>  |
|----------------|---|-----------------------------|---|---|--|
| 1.             | SEBI Enquiry Notice in 2001   | SEBI                        | Client dealings in the scrip of Cyberspace Infosys Limited during the year 2000 & 2001.                                 | As per Enquiry Officer report, IIFL was totally exonerated from all charges.  | Exonerated   |
| 2.             | SEBI adjudication proceedings notice dated September 08, 2008 under Depository Act. | SEBI                        | Allegations of non-compliance of provisions of SEBI (DP) Regulations and Depositories Act.                              | Preferred consent proceedings. Consent Order passed by SEBI on June 05, 2009 and the proceedings were dropped by SEBI.<br><br>Settlement Charges Rs 75,000 and Administration Charges Rs 25000 vide consent order. The same was paid. | Clarified on factual inaccuracies. No further clarification was required by SEBI – Proceedings dropped |
| 3.             | SEBI adjudication Notice dated November 28, 2008                                    | SEBI                        | Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent &Unfair Trade | All charges against IIFL were rejected vide SEBI Order dated June 15, 2009  | Proceedings dropped  |

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|---------|--|----------------------|--|---|--|
|         |  |                      | Practices relating to securities Market) Regulations, 2003.  |   |  |
| 4.      | SEBI adjudication Notice dated August 27, 2009   | SEBI                 | Allegations of non-compliance of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992  | Preferred consent proceedings. Consent Order was passed by SEBI on May 18, 2010 and the proceedings were dropped by SEBI.<br><br>Settlement Charges Rs 25,00,000 / - vide consent order. The same was paid. | Submitted the compliance and corrective measures to SEBI vide letter dated November 27, 2009. Proceedings dropped. |
| 5.      | SEBI adjudication Notice dated November 27, 2009 | SEBI                 | Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to securities Market) Regulations, 2003. | Reply submitted to SEBI. SEBI vide Order dated April 03, 2012 and dropped the proceedings.  | Stopped Trading with GHCL group of clients. Proceedings dropped.   |

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|---------|--|----------------------|--|---|--|
| 6.      | SEBI Adjudication proceedings notice dated January 03, 2011. | SEBI                 | Asian Star Co. Ltd. - Allegation of violation of Regulation 7 Clause A(1) & A(2) of Code of Conduct for Stock Brokers. | <p>SEBI had issued Order no: BM/AO-7/2012 dated January 12, 2012. We had filed an Appeal against the said Order before SAT.</p> <p>SAT vide its order dated October 1, 2012 has upheld the order of adjudicating officer of SEBI imposing a penalty of Rs. 5 lacs against IIFL. IIFL has accepted the Order and the said penalty was paid.</p>  | Order fully complied with.                     |
| 7.      | SEBI Enquiry Notice dated April 27, 2010.                    | SEBI                 | Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992                           | <p>SEBI had issued Order no: MIRSD1/ASM/BS/11344/2013 – dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful &amp; cautious in future. With the above order,</p> | Proceedings concluded.                         |

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|---------|-------------------------------------|----------------------|--|--|--|
|         |                                     |                      |  | the pending matter was concluded.  |  |
| 8.      | Enquiry Notice dated March 03, 2010 | SEBI                 | Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totaling trading value of Rs.110660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing. | Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015 | <p>We have strengthened our system for monitoring SEBI/Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office &amp; compliance have been appointed.</p> <p>The Whole Time Director passed order dated November 10, 2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.</p> |

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|---------|--|----------------------|---|--|---|
| 9.      | SEBI Order dated September 28, 2005 and June 16, 2006 in the matter of IFSL              | SEBI                 | No violation against IIFL was observed. However advised not to deal for 3 clients pending investigation.  | No Show Cause Notice received from SEBI. | As per SEBI advice trading for these clients was stopped with immediate effect and complied.  |
| 10.     | SEBI Order dated October 5, 2005 and June 20, 2006 in the matter of M/s Ind Tra Deco Ltd | SEBI                 | No violation against IIFL was observed. However advised not to deal in the scrip and pending investigation.   | No Show Cause Notice received from SEBI. | As per SEBI advice trading in the scrip was stopped w.e.f. 6/10/2005 and complied.  |
| 11.     | SEBI Order dated March 21, 2006 in the matter of Shri. Lalit Dua.                        | SEBI                 | Lalit Dua was an independent research analyst, whose reports were published in our website. SEBI has advised not to publish any reports of Shri Lalit Dua and pending investigation.            | No Show Cause Notice received from SEBI. | As per SEBI advice stopped publishing reports with immediate effect i.e. 22/3/06 and complied.  |
| 12.     | SEBI letter dated July 13, 2010  | SEBI                 | Parabolic Drugs Limited wherein SEBI advised us to gear up at our back office system and ensure efficient control to minimize PAN mismatches while making data entry in IPO biddings in future. | No Show Cause Notice received from SEBI. | We ensured compliance to avoid recurrence of such mismatches and the same was confirmed to SEBI vide our replies dated July 30, 2010 and August 27, 2010. |

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| 13.     | SEBI letter dated June 18, 2008     | SEBI                 | Osian LPG Bottling Limited wherein SEBI had advised us to be careful and to ensure that the shares are sold/purchased by the client or credited to respective client's account directly instead of through our Beneficiary account.   | No Show Cause Notice received from SEBI.   | Complied with the same and rectified our system and confirmed to SEBI vide letter dated July 25, 2008. |
| 14.     | SEBI letter dated February 09, 2011 | SEBI                 | Pertaining to non bidding of applications in Coal India Ltd. IPO, SEBI advised us not to act as syndicate member in IPO till resolution of such matters and further advise.   | Resolution status submitted to SEBI and SEBI had withdrawn their restrictions vide its letter dated March 11, 2011.  | As per SEBI advice, we had resolved the issues and confirmed to SEBI.                                  |
| 15.     | SEBI letter dated March 12, 2014    | SEBI                 | India Infoline Finance Limited came out with a public issue of non convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA-" from ICRA Limited was disclosed. Subsequent to filing of the draft prospectus, on the | SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after the filing of the draft prospectus. | IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.           |

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|         |  |                      | request of India Infoline Finance Limited, ICRA Limited agreed for the said rating to be used for private placement of NCDs by India Infoline Finance Limited.   | SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL. |   |
| 16.     | Adjudication show cause notice dated August 10, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd. | SEBI                 | SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:-<br>a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard.<br>b) It has been alleged that IFFL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai. | SEBI order dated February 23, 2018 imposed penalty of 2,00,000/- (Rupees Two Lakh Only)                   | Reply to the SEBI SCN has been submitted on November 24, 2017 providing clarification with supporting documents. Matter concluded with the issue of SEBI order dated February 23, 2018. |

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| 17.     | Adjudication show cause notice dated July 13, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 | SEBI                 | SEBI notice includes observations and allegation as follows:- Non disclosure under Regulations 13 (1) read 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").                           | SEBI vide order dated March 28, 2018 dropped proceedings against IIFL. | Exonerated                                     |
| 18      | Adjudication show cause notice dated December 05, 2019 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations')   | SEBI                 | SEBI notice in the matter of Vimala Devi Kalantri dealing in the script of Pantaloon Retail (India) Limited the following observations and allegation as follows:-<br>a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any | SEBI vide order dated June 24, 2021 dropped proceedings against IIFL.  | Exonerated                                     |



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|---------|--|----------------------|---|---|---|
|         | in the matter of Vimala Devi Kalantri in the script of Pantaloon Retail (India) Limited.   |                      | <p>supporting document in this regard.</p> <p>b) IIFL has failed in exercising due skill, care and diligence in the conduct of its business which is allegedly, in violations of Clause A (2) of the Code of Conduct for Stock Brokers.</p>   |   |   |
| 19      | Adjudication show cause notice dated April 09, 2019 under Rule 4 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of Vimala Devi Kalantri dealing in the script of Saint | SEBI                 | <p>SEBI notice in the matter of Vimala Devi Kalantri dealing in the scrip of Saint Gobain Sekurit Limited the following observations and allegation as follows:-</p> <p>c) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard.</p> <p>d) IIFL has failed in exercising due skill, care and diligence in the conduct of its business which is allegedly, in violations of Clause A(2) of</p> | <p>SEBI order dated July 31, 2019 imposed penalty of 3,00,000/- (Rupees Three Lakh Only)</p> <p>The Company has paid the Penalty and filed appeal in SAT.</p> | <p>SAT has dropped the proceedings and the matter is dismissed.</p> |

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|         | Gobain Sekurit Limited.   |                      | the Code of Conduct for Stock Brokers.  |  |   |
| 20      | <p>SEBI issued an adjudication show case notice dated April 16, 2021 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 in the matter of Alkem Laboratories Ltd.</p> <p>SEBI conducted an examination of block deals to check any manipulation of reference price considered for execution of block deal trades in the scrip of Alkem Laboratories Ltd during the period</p> | SEBI                 | SEBI SCN alleged that the Company has knowingly manipulated the reference price of Alkem for block deal during the afternoon window i.e. VWAP price for the period 13:45 to 14:00 hrs on August 22, 2019 and thereby violating provision of SEBI Act, 1992 and regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations), 2003 and provisions of code of conduct prescribed under Schedule II read with Regulation 9(f) of SEBI (Stock Broker) Regulations, 1992. ISL has yet to file its reply in the matter. | <p>The company has filed a Consent Application on June 07, 2021 and revised settlement terms on October 05, 2021 with SEBI under SEBI Settlement Regulation 2018.</p> <p>High Powered Advisory Committee (HPAC) considering the facts and circumstances of the case, recommended that the matter may be settled upon payment of ₹2,21,92,125/- (Rupees Two Crore Twenty One Lakh Ninety Two Thousand and One Hundred Twenty Five only) as settlement amount, for IIFL Securities Limited.</p> <p>The Company has paid the penalty amount in full to SEBI and the matter is closed.</p> | <p>The Company has paid the penalty amount in full to SEBI and the matter is closed.</p> <p>Proceedings dropped</p> |

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|---------|---|----------------------|--|---|---|
|         | April 01, 2019 to September 30, 2019 to examine the violation of SEBI Act, 1992, Rules and Regulations, if any.   |                      |  |   |   |
| 21      | <p>SEBI issued an adjudication show case notice dated June 10, 2021 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 in the matter of ICICI Lombard General Insurance Company Ltd.</p> <p>SEBI conducted an examination of block deals to check any manipulation of reference price considered for</p> | SEBI                 | SEBI SCN alleged that the Company has knowingly manipulated the reference price of ICICI Lombard General Insurance Company Ltd. for block deal during the afternoon window for the period 14:05 to 14:20 hrs on September 26, 2019 and thereby violating provision of SEBI Act, 1992 and regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations), 2003 and provisions of code of conduct prescribed under Schedule II read with Regulation 9(f) of SEBI (Stock Broker) Regulations, 1992. | SEBI has passed the Adjudication Order on July 29, 2022 and put the penalty of Rs 25 Lakh on the Company. | The Company have paid the penalty of Rs 25 Lakh as per the adjudication order dated July 29, 2022 and complied the order. Matter is closed. |

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|---------|--|----------------------|---|---|--|
|         | execution of block deal trades in the scrip of ICICI Lombard General Insurance Company Ltd. during the period April 01, 2019 to September 30, 2019 to examine the violation of SEBI Act, 1992, Rules and Regulations, if any |                      |   |   |  |
| 22      | FIU-India has issued a Show Cause Notice dated May 20, 2022 stating certain observations which prima facie appear to disclose potential non-compliances under PMLA and rules/regulations                                     | FIU-IND              | <p>FIU-IND observed the following non-compliances:-</p> <ul style="list-style-type: none"> <li>• Failed to file STR</li> <li>• Did not took any steps to examine transaction history of individuals</li> <li>• Did not appear to have comprehensive robust system in place to safeguard threats of AML</li> </ul> | FIU has passed the order dated October 21, 2022 and levied the monetary penalty of Rs 1,00,000/- (Rupees One Lakh on the Company) for violation in respect of its obligations to implement an effective mechanism to detect and report suspicious transaction as required under Section 12(1)(b) of PMLA read with Rule 7(3) of the PML Rules | We have paid the penalty and the matter is closed. |

| Sr. No. | Particulars  | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings   | Corrective Measures implemented/Present Status                             |
|---------|--|----------------------|---|---|--|
| 23      | <p><b>SEBI Notice – BSE illiquid Options</b></p> <p>SEBI has issued a SCN dated June 16, 2022 on June 27, 2022 (at Kamala Mills Office) in respect of BSE Illiquid Stock Options</p> | SEBI                 | <ul style="list-style-type: none"> <li>The brokers facilitated the clients in executing fraudulent transactions in the stock market who transferred profits and losses to each other in a pre-meditated manner.</li> <li>A Certain quantity transacted by his client is getting reversed within the same day in a repeated manner should have alerted the brokers concerned. NO STR reported to Exchanges.</li> </ul> | The Settlement Application is filed and the payment of Rs.1,00,000/- is made to SEBI.                       | The settlement order is passed on March 14, 2023 and the matter is closed. |
| 24      | SEBI issued SCN dated May 22, 2024 in the matter of Trading in MCX by Sikkim based Clients.  | SEBI                 | <p>The SCN was received on May 28, 2024 stated the following observation: -</p> <p>Incorrect State uploaded in UCC database of MCX for 18 clients as SIKKIM, consequently the violation of Stamp Duty Act and misuse of the exemption available to Sikkim domiciled residents.</p>  | SEBI vide its order No. Order/BM/DS/2024-25/30602 date July 30, 2024 has levied a penalty of Rs. 3,00,000/- | The matter stands closed   |

2. IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited):

| Sr. No. | Particulars                           | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings   | Corrective Measures implemented/Present Status  |
|---------|---------------------------------------|----------------------|---|---|---|
| 1.      | Show Cause Notice dated July 02, 2013 | IRDA                 | Observations of inspection on insurance broking business during the period November 2009 to March 2012. | Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the Notice on the compliances submitted to IRDA vide letter dated July 11, 2013. | The reply to show cause notice was submitted. However, IRDA refused to accord renewal of license vide order dated October 28, 2013. An appeal was filed to the Chairman of the IRDA against the aforesaid order. IRDA levied a penalty of Rs. 35 lacs and renewed license with retrospective effect for period 2011-2014. Complied. |
| 2       | IRDA Letter dated 26-Nov-2015         | IRDA                 | Observation Noticed during review of the renewal application submitted on 25-09-2014                    | Observations of non-compliance with the provisions of Insurance Brokers Regulations   | IRDA Levied a penalty of Rs 17.20 lacs and renewed the license for the period 2014-2017. Complied.  |

| Sr. No. | Particulars                               | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings  | Corrective Measures implemented/Present Status  |
|---------|---|----------------------|--|--|---|
| 3       | Show Cause Notice dated February 26, 2019 | IRDA                 | Observations of inspection on insurance broking business during the period 2014-15 and 2015-16 | <p>IRDA order dated November 25, 2019 imposed penalty of 2,04,00,000/- (Rupees Two Crore and Four Lakh Only).</p> <p>IIFL Insurance Broker Ltd filed an appeal in SAT against the IRDA order dated November 25, 2019 levying penalty of 2,04,00,000/- (Rupees Two Crore and Four Lakh Only).</p> | <p>SAT Vide order dated March 25, 2022 reduced the penalty to Rs 54 Lakhs on the two charges pertaining to Use of Group Companies Employees and RPT transactions and further directed IRDA to review the findings and pass the order basis the additional documents submitted to SAT on the Office Infrastructure charge.</p> <p>Penalty of Rs 54 lakh is paid to IRDA and complied and complied with direction from IRDA on the third charge pertaining to Office Infrastructure.</p> <p>Matter Closed</p> |

**3. IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)**

| Sr. No. | Particulars                        | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings   | Corrective Measures implemented/Present Status  |
|---------|------------------------------------|----------------------|--|---|---|
| 1       | SEBI Order dated February 22, 2019 | SEBI                 | The SCN issued for enquiry under the Regulation 5(e) of the SEBI (Intermediaries) Regulations, 2008 & Regulation 7(1) of SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 by SEBI concerning the fit and proper person criteria for considering registration as commodity broker for application for registration dated December 23, 2015. | SEBI vide its Order dated February 22, 2109, in exercise of the powers conferred under Regulation 28 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 read with regulation 7(1) of Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992, declared IICL is “not a fit and proper person” to hold directly or indirectly, the certificate of registration as a commodity derivative broker and hereby, reject the application dated December 23, 2015 filed by IICL for registration as commodity derivatives broker and shall cease to act, directly or indirectly, as a commodity derivatives broker. | SEBI vide its Order dated February 22, 2019, declared IICL is “not a fit and proper person” and rejected the application dated December 23, 2015 filed by IICL for registration as commodity derivatives broker and also directed that IICL shall cease to act, directly or indirectly, as a commodity derivative broker. IICL was further directed to allow its Clients to withdraw or transfer their securities or funds within 45 days from the date of this Order.<br><br>IICL has preferred an Appeal against the said SEBI Order dated February 22, 2019 before the Securities Appellate Tribunal, Mumbai on April 11, 2019. The matter was heard and the Order is passed whereby the order passed by WTM against us is quashed and set aside. The matter is remitted to the WTM to decide the matter afresh. |



| Sr. No. | Particulars  | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings | Corrective Measures implemented/Present Status  |
|---------|--|----------------------|--|-----------------|---|
| 2       | MCX letter dated April 12, 2018 based on the Inspection Report dated 2014-15 | ii) MCX              | MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2014-5.  | NA              | The matter was heard and the Appeal is allowed by SAT. The Impugned Orders have been quashed and set aside.<br><br>MCX may issue fresh SCN if required to IICL, and placed the matter before the Disciplinary Action Committee. |
| 3       | MCX letter dated April 12, 2018 based on the Inspection Report dated 2015-16 | ii) MCX              | MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2015-16. | NA              | The matter was heard and the Appeal is allowed by SAT. The Impugned Orders have been quashed and set aside.<br><br>MCX may issue fresh SCN if required to IICL, and placed the matter before the Disciplinary Action Committee. |

| Sr. No. | Particulars  | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings | Corrective Measures implemented/Present Status  |
|---------|--|----------------------|--|-----------------|---|
| 4.      | MCX letter dated October 23, 2019 based on the Inspection Report dated 2016-17 | ii) MCX              | MCX vide its letter has levied a penalty of Rs.62,35,182/- in respect of violation observed during the inspection inter alia for incorrect margin reporting, non-settlement of funds, and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2016-17. | NA              | <p>The matter was heard and the Appeal is allowed by SAT. The Impugned Orders have been quashed and set aside.</p> <p>MCX may issue fresh SCN if required to IICL, and placed the matter before the Disciplinary Action Committee.</p>  |
| 5.      | MCX letter dated October 24, 2019 based on the Inspection Report dated 2017-18 | ii) MCX              | MCX vide its letter has levied a penalty of Rs.6,95,167/- in respect of alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in non-settlement of funds, funding to the Client and incorrect updation of client's funds and securities on Exchange system for the F.Y. 2017-18.                                 | NA              | <p>The matter was heard and the Appeal is allowed by SAT. The Impugned Orders have been quashed and set aside.</p> <p>MCX may issue fresh SCN if required to IICL, and placed the matter before the Disciplinary Action Committee..</p> |

**7. REGULATORS OUTSIDE INDIA**

**1. IIFL Capital Inc:**

| <b>Sl. No</b> | <b>Regulatory Authority</b>                                   | <b>Subject Matter/Allegations</b>   | <b>Brief of Orders/Findings</b>                         | <b>Present Status</b>   |
|---------------|---|---|---|---|
| 1             | Financial Industry Regulatory Authority (FINRA) United States | The Firm registered as a broker dealer, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts. | Settled the matter with payment of USD 15,000 to FINRA. | Complied and Minimum Net Capital Requirement is thereafter properly maintained. |

**B) PENDING MATTERS****1. IIFL Securities Limited (Formerly known as India Infoline Limited):**

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>Regulatory Authority</b> | <b>Subject Matter/Allegations</b>   | <b>Orders/Findings</b>   | <b>Corrective Measures implemented/Present Status</b>                          |
|----------------|---|-----------------------------|---|--|--|
| 1              | <p><b>SEBI Inspection February 2014 and March 2017</b></p> <p>1. SEBI Adjudication Notice dated October 28, 2021 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds.</p> <p>2. SEBI Adjudication Notice dated October 28, 2021 based on the inspection conducted during March 2017 covering period from April 01, 2015 to January 31, 2017 in respect of segregation of clients' funds.</p> <p>3. SEBI Enquiry notices dated May 2, 2017 and October 28, 2021 issued based on the</p> | SEBI                        | <p>SEBI notice includes observations as follows:-</p> <p>a) failed to do segregation of own funds from clients' funds;</p> <p>b) misused credit balance of clients' funds for debit balance clients' funds; and</p> <p>c) not designated the client bank account appropriately.</p> <p>SEBI passed the Adjudication Order on May 20, 2022 and levied a penalty of Rs 1 Crore on the Company.</p> <p>SEBI passed the Adjudication Order on May 30, 2022 and levied a penalty of Rs 1 Crore on the Company.</p> <p>In respect of both the above matters, the Company filed an appeal before SAT and the SAT vide its order dated July 18,</p> | <p>SAT vide its order dated December 07, 2023 passed the common order and partly allowed the appeals and set aside the ban from taking new clients for a period of two years and reduced penalty to Rs. 20 lacs.</p> | <p>SEBI preferred an appeal before the Supreme Court, the same is pending.</p> |

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|---------|--|----------------------|---|---|---|
|         | inspection conducted during February 2014 (for the period from 2011 to 2014) and March 2017 (period from April 01, 2015 to January 31, 2017) in respect of segregation of clients' funds respectively. |                      | <p>2022 stayed the proceedings and directed the company to deposit an amount of Rs. 50 lacs within 6 weeks from the date of Order with SEBI.</p> <p>In respect of Enquiry matter, SEBI vide Order dated June 19, 2023 prohibited company from taking up/onboarding new client for a period of two years in respect of its business as a stock broker.</p> <p>The Company filed an appeal before Securities Appellate Tribunal on June 20, 2023 aggrieved by the said Order.</p> |   |   |
| 2       | <p><b>SEBI Joint Inspection September 2022</b></p> <p>SEBI issued 2 SCNs (Enquiry &amp; Adjudication) dated April 15, 2024 for the inspection period April 2021 to July 2022.</p>                      | SEBI                 | <p>The initial Inspection Report was issued dated October 11, 2022 containing following observations: -</p> <p>1 - (a) Not done periodic reconciliation of client securities lying in DP accounts with Back office holdings</p> <p>1 - (b) Reported incorrect quantity in Weekly Holding Submission</p>   | SEBI passed the Adjudication Order on August 21, 2024 levying a penalty of Rs 11 lakhs on the Company. We have complied with Order on 30.09.2024. | <p>The reply to the SEBI SCN submitted providing detailed clarification with supporting. The matter was heard on July 5, 2024.</p> <p>SEBI Order on the Enquiry SCN is awaited.</p> |

| Sr. No. | Particulars | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings | Corrective Measures implemented/Present Status |
|---------|-------------|----------------------|---|-----------------|--|
|         |             |                      | <p>2- Not closed demat account tagged as "Client Collateral" by August 31, 2020</p> <p>3 - Transferred securities to Client Unpaid Securities Account of even those clients who have credit balance in their funds ledger as on 31st July 2022</p> <p>4 - Non Settlement of client funds and Securities</p> <p>5 - Reporting and Short collection of Margin</p> <p>6 - Passing of Penalty on Short Reporting of Margin</p> <p>7 - Reporting of incorrect ledger balance in Daily Margin Statement sent to clients</p> <p>8 - Exposure limit breached towards MTF at aggregate level</p> <p>9 - Incorrect reporting under ERBS</p> <p>10 - Engaged in Fund based activity other than broking activity</p> <p>11 - Engaged as a principal or employee in a business other than of securities involving personal financial liability</p> |                 |  |

| Sr. No. | Particulars   | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings | Corrective Measures implemented/Present Status  |
|---------|---|----------------------|--|-----------------|---|
| 3       | SEBI has issued a Notice of summary settlement dated June 14, 2024, in relation to the role played by IIFL in handling various public issues of Non- Convertible Debt Securities between August 9, 2021 to November 30, 2023. | SEBI                 | <p>The initial Inspection Report was issued dated February 21, 2024 containing following observations: -</p> <ol style="list-style-type: none"> <li>1. Relating to violation of Regulation 28(3) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.</li> <li>2. Regulations 13 read with Clause 3 and 4 of Schedule III of SEBI (Merchant Bankers) Regulation, 1992.</li> </ol> <p>In the above said matter vide its Notice dated June 14, 2024, SEBI has intimated that subject Regulation 5 of the SEBI (Settlement Proceeding) Regulations, 2018 the aforesaid proceedings to be initiated may be settled and disposed of upon filing of a settlement application under Chapter-II of SEBI (Settlement Proceedings) Regulations, 2018 upon remittance of a settlement amount of INR 19,20,000/- to SEBI in terms of Regulations 16 of SEBI (Settlement Proceeding) Regulations , 2018 within 30</p> | NA              | We have filed settlement application with SEBI. |

| Sr. No. | Particulars   | Regulatory Authority | Subject Matter/Allegations   | Orders/Findings | Corrective Measures implemented/Present Status    |
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|         |   |                      | calendar days from the date of receipt of the Notice.  |                 |   |
| 4       | <p><b>SEBI SCN dated October 9, 2024 in the matter of Tradetron</b></p> <p>SEBI conducted examination in the matter of Tradetron and other algo platforms. Based on the findings, SEBI issued SCN to 119 brokers.</p> | SEBI                 | The noticee should not have associated with these platforms where strategies providing guaranteed returns/ consistent profit and/or where past and/or expected future performance of the algorithm were hosted. Despite the same, Noticee had its API integrated with these platforms. | NA              | We are in process of filing our reply to the SCN. |

**2. IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)**



| Sr. No. | Particulars  | Regulatory Authority | Subject Matter/Allegations  | Orders/Findings | Corrective Measures implemented/Present Status  |
|---------|--|----------------------|---|-----------------|---|
| 1       | <b>NSEL UPDATE-STATUS NOTE</b><br><b>I. SEBI Enquiry &amp; Show Cause Notice</b> | i) SEBI              | SEBI issued show cause notices under the Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 & SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 and also under Regulation 5(e) of the SEBI (Intermediaries) Regulations, 2008 & Regulation 7(1) of SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 by SEBI concerning the fit and proper person criteria for considering registration as commodity broker to few brokers, including the Company (IICL). The Brokers were directed to submit their reply within the specified time. | NA              | A fresh show cause notice dated July 07, 2022 was issued by SEBI calling upon the Company to show cause why appropriate recommendation should not be made against the Company. IICL has filed its reply and the hearing in the matter is concluded on September 13, 2022. The SEBI filed its Enquiry report whereby the DA recommended for not considering our application for registration for 3 more years from the SEBI Order or complete acquittal by the courts pursuant to the chargesheet or FIR filed by/with EOW, whichever is earlier. We need to submit our reply within 21 days from the date of the receipt. We filed our reply and the matter was heard in the length. The Ld. WTM passed the order whereby rejected our application and debarred us from making fresh application, for the period 6 months or complete acquittal by the courts pursuant to the chargesheet or FIR filed by/with EOW, whichever is earlier. We have preferred an appeal against the said order. The matter is pending before SAT. |

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| 2 | <p><b>1. MCX Inspection for the period 2014-2015.</b></p> <p><b>2. MCX Inspection for the period 2015-2016</b></p> | MCX | <p>MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2014-15.</p> <p>MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2015-16.</p> | NA | <p>In the present matter, MCX's Member and Core Settlement Guarantee Fund Committee (MCSGFC) heard the matter and passed an order dated February 25, 2022 thereby levied the penalty of Rs. 6,11,77,251/- to be paid within 14 days of receipt of these Orders.</p> <p>Pursuant to the Orders, IIFL has intimated MCX about its intention to challenge the said orders. Despite being intimated, MCX persistently followed up for the payment of penalty amount and the same was suitably responded from our side. However, MCX vide its email dated April 1, 2022 intimated that an amount of Rs.1.20 crore was recovered from the available deposit with the Exchange and demanded the balance amount of Rs.4.91 crore. The said amount has been paid in protest.</p> <p>The Appeals have been filed before SAT within the timelines of 45 days and the SAT directed MCX to maintain the penalty amount in FD/ interest bearing accounts. MCX filed the reply in the matter and IICL filed its rejoinder in the matter.</p> <p>The matter is pending with SAT for hearing.</p> |
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|  | <p><b>3. MCX Inspection for the period 2016-2017</b></p> |  | <p>MCX vide its letter has levied a penalty of Rs.62,35,182/- in respect of violation observed during the inspection inter alia for incorrect margin reporting, non-settlement of funds, and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2016-17</p> |  | <p>In the present matter, MCX's Member and Core Settlement Guarantee Fund Committee (MCSGFC) heard the matter and passed an order dated February 25, 2022 thereby levied the penalty of Rs. 6,11,77,251/- to be paid within 14 days of receipt of these Orders.</p> <p>Pursuant to the Orders, IIFL has intimated MCX about its intention to challenge the said orders. Despite being intimated, MCX persistently followed up for the payment of penalty amount and the same was suitably responded from our side. However, MCX vide its email dated April 1, 2022 intimated that an amount of Rs.1.20 crore was recovered from the available deposit with the Exchange and demanded the balance amount of Rs.4.91 crore. The said amount has been paid in protest.</p> <p>The Appeals have been filed before SAT within the timelines of 45 days and the matter was listed on April 13, 2022, SAT directed MCX to maintain the penalty amount in FD/ interest bearing accounts. MCX filed the reply in the matter and IICL filed its rejoinder in the matter.</p> <p>The matter is pending with SAT for hearing.</p> |
|  | <p><b>4. MCX Inspection for the period 2017-2018</b></p> |  | <p>MCX vide its letter has levied a penalty of Rs.6,95,167/- in respect of alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in non-settlement of funds, funding to the Client and incorrect updation of client's funds and securities on Exchange system for the F.Y. 2017-18.</p>                                |  |   |