

Ref No: MSE/INSP/2021/684/RE/10/1429/19-20

June 15, 2021

Goodwill Wealth Management Private Limited
No.9, 2nd floor, Masha Alla building,
Bheema Sena Garden Street, Mylapore,
Chennai – 600 004
Tel: 091-044-43536085

Kind Attn: Mr. S Sambath – Compliance Officer

Dear Sir,

Sub: Action on violations observed during Inspection of books of accounts and records conducted during the financial year 2019-20

An comprehensive joint inspection of your books of accounts and other documents was conducted by SEBI along with all Exchanges and Depositories during October 09, 2019 to October 11, 2019 for the period starting from April 01, 2018 to June 30, 2019 and findings/observations for the same were forwarded to you by SEBI vide letter bearing ref. no. SRO/MIRSD/OW/2935-1/2019-20 dated January 22, 2020 for your comments/clarifications on the non-compliances observed therein. Your reply letter dated February 27, 2020 was received, analyzed and placed before the Internal Committee of the Exchange in its meeting held on June 03, 2021.

The actions as decided by the Committee on violations/deficiencies pointed out in the observation letter are enclosed as **Annexure**. Please note the actions includes a monetary fine of Rs.1,44,500/-.

You are advised to send a Cheque / Demand Draft payable in Mumbai in favour of 'Metropolitan Stock Exchange of India Ltd' for Rs.1,44,500/- (Rupee One Lakh Forty-Four Thousand Five hundred only), excluding GST @ 18% latest by July 30, 2021 or you can pay the said amount by way of online fund transfer, details of the bank for fund transfer is given below and provide fund transfer details to the Exchange :

Particulars	Details
Beneficiary Name	Metropolitan Stock Exchange of India Ltd
Bank & A/c No details	990680013757 / Current A/c / HDFC Bank Ltd, Fort Mumbai
IFSC Code	HDFC0000060

Yours Faithfully,

SD/-

Mahendra Choudhari

Asst. Vice President – Membership & Inspection

Encl: As above

Metropolitan Stock Exchange of India Limited

Registered Office: 205A, 2nd Floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400070.

Tel: +91-22-6112 9000 | customerservice@msei.in | www.msei.in | CIN: U65999MH2008PLC185856

Annexure

<u>Goodwill Wealth Management Private Limited</u>				
Sr. No	Violation	Details	In Violation of	Action
1a.	Segregation of Client Funds (Commodity Segment: (Goodwill Comtrades Private Limited)	-	SEBI Circular No. SMD/SED/CIR/93/23321 dated November 18, 1993	A penalty of Rs. 38,000/- levied on member.
1b.	Segregation of Client Funds (Equity Segment: Goodwill Wealth Management Private Limited)	-	SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016	Your reply is satisfactory
2a.	Verification of data reported by Stock broker under Circular for Enhanced Supervision of Stock Broker - Commodity Derivative Segment (MCX Observation)	-	- SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 - Exchange Circular no. MCX/INSP/248/2017 dated July 25, 2017 - Exchange Circular no. MCX/INSP/343/2017 dated September 25, 2017 - Exchange Circular no. MCX/INSP/446/2017 dated November 29, 2017 - Exchange Circular no. MCX/INSP/473/2017 dated December 22, 2017 - Exchange Circular no. MCX/INSP/400/2017 dated October 30, 2017	Clubbed with point 1(a) above, wherein penalty of Rs. 38,000/- is levied
2b.	Verification of data reported by Stock broker under Circular for Enhanced Supervision of Stock Brokers — Equity Segment (BSE Observation)	-	SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016	Clubbed with point 1(a) above, wherein penalty of Rs. 38,000/- is levied
3.	Funding of Debit balance clients: Commodity and Equity Segment (SEBI)	-	- Enhanced Supervision Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016 - SEBI Circular no.	You are advised to ensure compliance in future

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Sr. No	Violation	Details	In Violation of	Action
			CIR/HO/MIRSD/MIRSD2/CIR/PB/2017/107 dated September 25, 2017 and • SEBI Circular no. CIR/HO/MIRSD/MIRSD2/CIR/P/2017/123 dated November 29, 2017	
4.	Mis-utilisation of client's securities Stock Reconciliation — Comparison of Register of Securities with Data provided by Depositories: (SEBI)	-	• SEBI Circular No. MRD/DoP/SE/Cir-11/2018 dated April 17, 2008 • Enhanced Supervision Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016	You are advised to ensure compliance in future
5.	Reconciliation of client-wise reporting made to Stock Exchanges under Enhanced Supervisions Circular with Register of Securities maintained by the Stock Broker (SEBI and NSE)	-	• SEBI Circular No. MRD/DoP/SE/Cir-11/2018 dated April 17, 2008 • Enhanced Supervision Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016	You are advised to ensure compliance in future
6.	Settlement of client funds and Securities: Delay in Settlement of funds for Active and Inactive clients: (Equity Segment - SEBI Observation)	-	• SEBI Circular No. MIRSD/SE/Cir –I-9/2009 dated December 03, 2009 and • SEBI Circular no. SEM/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016	A penalty of Rs.15,000/- levied and the member is warned to ensure better compliance in future with respect to settlement of inactive clients.
7.	Quarterly Settlement of client funds and Securities: Active and Inactive (Commodity Derivatives Segment - SEBI)	-	• SEBI Circular No. MIRSD/SE/Cir –I-9/2009 dated December 03, 2009 and • SEBI Circular no. SEM/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016	You are advised to ensure compliance in future
8.	CTCL verification & Branches: (MSE Observation)	-	• Regulation 6 of SEBI (Certificate of Associated Persons in the Securities	A penalty of Rs.1,500/- levied on member.

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Sr. No	Violation	Details	In Violation of	Action
			Markets) Regulations, 2007 • Exchange Circular no. MCX-SX/CTCL/189/2009 dated September 25, 2009 • Exchange Circular no. MCX-SX/MEM/2576 dated January 21, 2015	
9a	Client Related Issues: Client Registration Process (KYC and KRA Process): (MSEI Observation) Index of documents giving details of various documents has not provided in the e-account opening form.	-	• SEBI Circular No. MIRSD/SE/Cir -19/2009 dated December 03, 2009 • SEBI Circular No. CIR/MIRSD/16/2011 dated August 22, 2011 • SEBI Circular No. CIR/MIRSD/3/2015 dated September 10, 2005	You are advised to ensure compliance in future
9b	A digital signature of the member doesn't appear on the e-account opening form	-		You are advised to ensure compliance in future
9c	Annual financial updation was not done for clients registered in the derivatives segments	-	• SEBI Circular No. MIRSD/Cir-23/2011 dated December 02, 2011	Your reply is satisfactory
9d	Delay was observed in upload of KYC details on system of CKYCR	-	• SEBI Circular No. CIR/MIRSD/66/2016 dated July 21, 2016 and	A penalty of Rs.5,000/- levied on member
9e	Delay was observed in upload of KYC details on KRA portal	-	• SEBI Circular no. CIR/MIRSD/120/2016 dated November 10, 2016	You are advised to ensure compliance in future
9f	The member is yet to provide the proof of delivery of copy of client registration documents sent to clients at the time of registration	-		A penalty of Rs.75,000/- levied on member
9g	Running Account Authorisation obtained from clients was not dated	-		A penalty of Rs.10,000/- levied on member
9h	The member did not obtain clients / preference towards settlement of account (quarterly or monthly basis)	-		You are advised to ensure compliance in future
10	Compliance with pre-trade	-	• SEBI Circular No.	You are advised to

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Sr. No	Violation	Details	In Violation of	Action
	authorization circular: (MCX)		SEBI/HO/MIRSD/DOP1/CIR /P/2018/54 dated March 22, 2018 • Bye-law 11.5 MCX Business rule chapter 9 Point 13, • MCX Circular No. MCX/INSP/325/2016 dated September 29, 2016 • MCX Circular No. MCX/INSP/400/2017 dated October 30, 2017	ensure compliance in future
11	Supervision of Authorized Persons by the Stock Broker : (SEBI/MCX)	-	• Advice	You are advised to ensure compliance in future
12	Financial Statement Analysis and Net worth verification (SEBI)	-	• Rule 8(1) (f) and Rule 8(3) (f) of Securities Contract(Regulation) Rules, 1957	Member advised to maintain the net-worth at all the time as per minimum prescribed limit set by the Exchange from time to time.