Member Committee ("MC"/"Committee")
of
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex, Bandra East, Mumbai – 400051
held on August 05, 2025

In the matter of the Trading Member: -
MANDOT SECURITIES PRIVATE LIMITED

CORAM:

Shri. S Ravindran	-	Chairman
Justice (Retd) Smt. Abhilasha Kumari	-	Committee Member
Prof (Dr.) Mamata Biswal	-	Committee Member
Shri. Essaji Vahanvati	-	Committee Member
Shri. Ashishkumar Chauhan	-	Committee Member

ALSO PRESENT:

Shri. Piyush Chourasia	-	Chief Regulatory Officer - Member Compliance, Surveillance, Member Inspection & Investigation
Smt. Renu Bhandari	-	Senior Vice President - Inspection, Member Registration & Compliance
Shri. Amber Gupta	-	Senior Vice President – Legal
Shri. Sanjayu Nair	-	Vice President – Legal
Smt. Sonali Karnik	-	Vice President - Enforcement
Shri. Janardhan Gujaran	-	Vice President - Enforcement

BACKGROUND

1. **Mandot Securities Private Limited** ("**Mandot**") is a SEBI registered stockbroker and a Trading Member registered with the National Stock Exchange of India Limited ("**Exchange**"/"**NSEIL**") enabled for trading in the Capital Market ("**CM**") since June 2015, Futures & Options ("**F&O**") segment since June 2015 and Currency Derivatives ("**CD**") segment since June 2023.

2. The Exchange conducted a Limited Purpose Inspection of Mandot's books, registers, records and other relevant documents including periodic submissions made to Exchange covering the period from December 01, 2023, to December 23, 2024. Post-inspection, the Exchange issued a Letter of Observation ("**LO**") dated April 09, 2025, to Mandot seeking explanation for the non-compliances with the regulatory provisions observed during the inspection. Mandot replied to the said LO on April 23, 2025.

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

INSPECTION OBSERVATIONS/ALLEGED VIOLATIONS

3. The observations/violations alleged in the LO, are summarized hereunder: -

3.1. IPO related observations

i. Mandot has not provided the written contracts / agreements / terms and conditions describing all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations and structure of charges.

ii. Mandot has no system in place to maintain the evidence for the order placed during IPO bidding.

3.2. Mandot has not maintained the client registration documents containing all the prescribed mandatory documents and all filled up properly.

REGULATORY PROVISIONS

4. At the outset, it is appropriate to refer to the relevant regulatory provisions alleged to have been violated by Mandot; extracts whereof are reproduced below: -

4.1. IPO related observations

4.1.1. Mandot has not provided the written contracts / agreements / terms and conditions describing all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations and structure of charges.

4.1.2. Mandot has no system in place to maintain the evidence for the order placed during IPO bidding.

a. Annexure - A of Exchange Circular NSE/INSP/19603 dated December 15, 2011, enclosing Annexure I of SEBI Circular CIR/MIRSD/24/2011 dated December 15, 2011 (for stock brokers)

PRINCIPLES FOR OUTSOURCING FOR INTERMEDIARIES

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

5. ***Outsourcing relationships shall be governed by written contracts / agreements /terms and conditions (as deemed appropriate) {hereinafter referred to as "contract"} that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc.*** *Outsourcing arrangements shall be governed by a clearly defined and legally binding written contract between the intermediary and each of the third parties, the nature and detail of which shall be appropriate to the materiality of the outsourced activity in relation to the ongoing business of the intermediary.*

5.2 Care shall be taken to ensure that the outsourcing contract:

b. provides for mutual rights, obligations and responsibilities of the intermediary and the third party, including indemnity by the parties;

c. provides for the liability of the third party to the intermediary for unsatisfactory performance/other breach of the contract

d. provides for the continuous monitoring and assessment by the intermediary of the third party so that any necessary corrective measures can be taken up immediately, i.e., the contract shall enable the intermediary to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations;

e. includes, where necessary, conditions of sub-contracting by the third-party, i.e., the contract shall enable intermediary to maintain a similar control over the risks when a third party outsources to further third parties as in the original direct outsourcing.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

f. has unambiguous confidentiality clauses to ensure protection of proprietary and customer data during the tenure of the contract and also after the expiry of the contract;

g. specifies the responsibilities of the third party with respect to the IT security and contingency plans, insurance cover, business continuity and disaster recovery plans, force majeure clause, etc.; provides for preservation of the documents and data by third party;

i. provides for the mechanisms to resolve disputes arising from implementation of the outsourcing contract;

j. provides for termination of the contract, termination rights, transfer of information and exit strategies;

m. provides for the intermediary and /or the regulator or the persons authorized by it to have the ability to inspect, access all books, records and information relevant to the outsourced activity with the third party.

b. <u>Annexure -1 of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018</u>

2. Process for RII application submitted with intermediary with UPI as mode of payment

2.1. Bidding and validation process

2.1.1. Before submission of the application with the intermediary, the RII would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

2.1.2. RII will fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediary.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

2.1.3. *The intermediary upon receipt of form will upload the bid details along with UPI ID in the stock exchange bidding platform.*

2.1.4. *Once the bid has been entered in the bidding platform, the exchange will undertake validation of the PAN and Demat Account details of RII with the depository.*

2.1.5. *Depository will validate the aforesaid bid details on a real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.*

2.1.6. *SMS from exchange to RII for bidding: Once the bid details are uploaded on the stock exchange platform, the stock exchange shall send an SMS to the RII regarding submission of his / her application, daily at the end of day basis, during bidding period. For the last day of bidding, the SMS may be sent out the next working day.*

c. <u>Regulation 3.2.1 of NSEIL CM regulation</u>

3.2 TRADE OPERATIONS

3.2.1. *Trading Members shall ensure that appropriate confirmed order instructions are obtained from the constituents before placement of an order on the system and shall keep relevant records or documents of the same and of the completion or otherwise of these orders thereof.*

Notwithstanding the above, wherever the order instructions are received from clients through the telephone, Members shall mandatorily use telephone recording system to record the instructions and maintain telephone recordings as part of its records.

d. <u>SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018, Prevention of Unauthorised Trading by Stock Brokers</u>

III. *To further strengthen regulatory provisions against un-authorized trades and also to harmonies the requirements across markets, it has now been*

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

decided that all brokers shall execute trades of clients only after keeping evidence of the client placing such order, which could be, inter alia, in the form of:

a. Physical record written & signed by client,

b. Telephone recording,

c. Email from authorized email id,

d. Log for internet transactions,

e. Record of messages through mobile phones,

f. Any other legally verifiable record.

When a dispute arises, the broker shall produce the above-mentioned records for the disputed trades. However, for exceptional cases such as technical failure etc. where broker fails to produce order placing evidences, the broker shall justify with reasons for the same and depending upon merit of the same, other appropriate evidences like post trade confirmation by client, receipt/payment of funds/ securities by client in respect of disputed trade, etc. shall also be considered.

IV. *Further, wherever the order instructions are received from clients through the telephone, the stock broker shall mandatorily use telephone recording system to record the instructions and maintain telephone recordings as part of its records.*

e. <u>SEBI Circular SEBI/HO/CFD/ DIL2/CIR/P/2018/138 dated November 01, 2018</u>

Sub: Streamlining the Process of Public Issue of Equity Shares and convertibles

Channels for making application

*5.1. For the purpose of public issues, UPI would allow facility to block the funds at the time of application. With the introduction of UPI as a payment mechanism, various channels for making application in public issue by various categories of investors, **<u>in Phase I</u>** would be as below:*

Category of Investor	***Channels for making application***			
	Channel I	***Channel II***	***Channel III***	***Channel IV***

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

Retail Individual Investor (RII)	*Investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank, or online, if such facility is provided by the SCSB.* *For such applications, the existing process of uploading of bid and blocking of funds in investors account by the SCSB would continue.*	*Investor may submit the bid-cum-application form online using the facility of linked online trading, demat and bank account (3-in-1 type accounts), provided by some of the brokers.*	*Investor may submit bid-cum-application form with any of the intermediary, along with details of his/her bank account for blocking of funds.* *For such applications, the intermediary would upload the bid in stock exchange bidding platform and forward the application form to a branch of SCSB for blocking of funds. **	*A RII would also have the option to submit bid-cum-application form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds.*
Qualified Institutional Buyer (QIB)				*Not applicable*
Non-Institutional Investor (NII)				*Not applicable*

f. <u>SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019</u>

Sub: Streamlining the Process of Public Issue of Equity Shares and convertibles- Implementation of Phase II of Unified Payments Interface with Application Supported by Block Amount

Retention of forms by Intermediaries: -

Intermediaries shall retain physical application forms submitted by retail individual investors with UPI as a payment mechanism, for a period of six months and hereafter forward the same to the issuer / Registrar to Issue.

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

However, in case of Electronic forms, "printouts" of such applications need not be retained or sent to the issuer. Intermediaries shall, at all times, maintain the electronic records relating to such forms for a minimum period of three years.

4.2. Mandot has not maintained the client registration documents containing all the prescribed mandatory documents and all filled up properly.

a. <u>Exchange circular no. INSP/18677 dated August 22, 2011 enclosing Annexure I of SEBI Circular CIR/MIRSD/24/2011 dated December 15, 2011 (for stock brokers)</u>

2. *With a view to simplify and rationalize the account opening process, we have reviewed, consolidated and updated all the documents/requirements prescribed in respect of account opening process over the years, in consultation with major stock exchanges and market participants. The simplification includes replacement of all client-broker agreements with the 'Rights and Obligations' document, which shall be mandatory and binding on the existing and new stock brokers (including trading members) and clients. Accordingly, SEBI (Stock Broker and Sub-Broker) Regulations, 1992 have been amended suitably vide notification No. LADNRO/GN/2011-12/19/26273 dated August 17, 2011.*

3. *SEBI has devised the uniform documentation to be followed by all the stock brokers/ trading members; a copy thereof to be provided by them to the clients. The details of such documents are listed below:*
   - *i. Index of documents giving details of various documents for client account opening process - **Annexure-1***
   - *ii. Client Account Opening Form in two parts:*
     - *a. Know Your Client (KYC) form capturing the basic information about the client and instruction/check list to fill up the form - **Annexure-2.***
     - *b. Document capturing additional information about the client related to trading account -**Annexure-3.***
   - *iii. Document stating the Rights & Obligations of stock broker, sub-broker and client for trading on exchanges (including additional rights & obligations in case of internet / wireless technology based trading)– **Annexure–4.***
   - *iv. Uniform Risk Disclosure Documents (for all segments / exchanges) **- Annexure-5.***
   - *v. Guidance Note detailing Do's and Don'ts for trading on exchanges - **Annexure-6.***

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

CONSIDERATION AND FINDINGS

5. The observations/violations in the Letter of Observation ("**LO**"), reply of Mandot and the findings of the Committee are as under:

5.1. **IPO related observations**

i. Written contracts / agreements / terms and conditions describing all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations and structure of charges.

5.1.1. Upon verification of register, records and documents provided by Mandot, Exchange observed that

a. Mandot has not provided the copy of the agreement between self-certified syndicate bank (SCSB) and Trading member describing all material aspects, including the rights, responsibilities and expectations.

b. Mandot has not provided commission/charge structure for the IPO applications made using UPI mechanism.

5.1.2. In reply to the LO, Mandot submitted as follows:

a. Mandot is affiliated as a sub-syndicate member with the Self Certified Syndicate Bank, Axis Bank Limited. As per Axis Bank's onboarding process, sub-syndicate members are required to submit duly signed Terms and Conditions, which govern the engagement. Since such signed Terms and Conditions exist, the observation regarding the absence of an agreement with the SCSB is incorrect.

b. IPO applications are offered free of charge to clients. Neither the Trading Member nor the SCSB debits any fees from clients, regardless of application acceptance. All expenses related to the IPO issuance, including commissions to the SCSB and sub-syndicate members, are borne by the issuer. As no charges are levied on clients, the requirement to disclose or share such charges is not applicable, and hence, the charges should be omitted.

5.1.3. The Committee finds as under:

This Document is Digitally Signed

NSE

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

a. With respect to execution of agreement between the SCSB and sub-syndicate member, Mandot stated that it has duly signed the terms and conditions with Axis Bank Limited (SCSB) which is a part of the onboarding process. However, Exchange Circular No. NSE/INSP/19603 dated December 15, 2011, mandates that relationship with any intermediary shall be governed by a clearly defined and legally binding written contract / agreements / terms and conditions between the intermediary and each of the third parties describing all material aspects, including the rights, responsibilities and expectations. Such contract shall clearly define mutual rights, obligations and responsibilities of the intermediary and the third party, provide for the liability of the third party to the intermediary for unsatisfactory performance/breach of the contract, it shall include necessary conditions of sub-contracting by the third-party, it shall specify the responsibilities of the third party with respect to the IT security and contingency plans, insurance cover, business continuity and disaster recovery plans, force majeure clause, etc.; it shall provide for preservation of the documents and data by third party, protection of proprietary and customer data, it shall provide for the Regulator or the persons authorized by it to have the ability to inspect, access all books, records and information with the third party.

b. Upon review of the Terms and Conditions submitted by Mandot, it was observed that the document does not specify the outsourced activities, nor the rights and obligations of the parties. Therefore, Mandot's reliance on the signed Terms and Conditions is not acceptable.

c. With respect to non-sharing of commission/charge structure, upon verification of IPO application process, it was observed that commission structure was not mentioned in such document. However, upon verification of commission ledger, it was observed that SCSB charged commission on Mandot as 'Sub-Brokerage for Public Issues' as similar amounts are being received and then paid to SCSB. As per Annexure-A of Exchange circular no. NSE/INSP/19603 dated December 15, 2011, such arrangements shall be governed by written contracts / agreements /terms and conditions that clearly describes all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc. Such agreement shall also

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

constitute the consideration to be charged between the parties, which is a material aspect for the validity and enforceability of the contractual relationship. Thus, the contention of Mandot is not tenable.

ii. <u>Member has no system in place to maintain the evidence for the order placed during IPO bidding</u>

5.1.1. Pursuant to a walkthrough and review of IPO application process note, it was observed as under:

a. Mandot uploaded a file containing client details on the Exchange's IPO window without obtaining prior consent from the respective clients. Following which, UPI mandate links were auto generated and sent to clients to their registered email and mobile numbers.

b. Based on 50 sample clients with highest IPO bids during the inspection period, the Exchange observed that Mandot was placing IPO bids directly on the Exchange System. However, no documentary evidence was provided by Mandot in support of IPO bidding initiated by clients. Under the current bidding process implemented by Mandot, clients are directly required to either accept or reject the UPI mandate. Upon acceptance, the funds are blocked. In cases where the mandate is rejected or no action is taken, the application is not processed and expires automatically.

a. Further, upon verification of data for IPO bid rejection, it was observed as under:

i. Out of 62,085 bids pertaining to 72 IPOs,

- 44% of the bids were rejected due to the reason of "bid not banked"
- 32% of the bids were rejected due to the reason of "mandate not accepted"
- No reasons were provided for rejection of 9,413 bids pertaining to 46 IPOs constituting 15% of total bids.

ii. Data for the reason of rejection of bids pertaining to 40 IPOs are not provided.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

5.1.2. In reply to the LO, Mandot submitted as follows:

i. With respect to prior consent not obtained from client for applying in IPO application:

a. The client initiates the bidding process and Mandot's role is limited to sending pre-filled UPI links to client to enable them to easily apply for IPO. The link is created on NSE client NSE e-IPO portal. The client is not required to apply through the member and has option to apply with other stockbrokers and banks. This is effectively a communication of intimation of IPO and should not be construed as order placement, similar to order placement in market.

b. With respect to the requirement of obtaining consent for sending link to enable Client's to make IPO application, on applicability of Regulation 3.1 of NSEIL CM regulation and SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated 22nd March, 2018, the referred regulation and circular referred only pertains to secondary markets trades and not in case of IPO and the same is evident from the fact that the "Applicability" section of CM segment specifies that the said regulations are applicable to Trading Member and participant in Cash Market segment only.

c. Further, on the applicability and alleged violation of SEBI circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108 dated September 26, 2017 and CIR/HO/MIRSD/MIRSD2/CIR/P/2017/124 dated November 30, 2017, the aforementioned circulars are superseded by SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 and the transactions are not related to F&O, hence Regulation 4.1. of NSEIL FO regulations is not applicable.

d. Irrespective of the statutory requirement for obtaining client consent, Mandot has duly obtained such consent for sending UPI links related to IPO applications. The consent has been documented either through written declarations or recorded verbal confirmations. As supporting evidence, **Annexure-E** contains sample voice recordings from 33 clients, and **Annexure-F** includes written consent forms from 50 clients.

e. The aforementioned service is provided as a value-added facility to clients, without any charges being levied upon them by the member. Furthermore, the commission received from the SCSB in relation to IPO

This Document is Digitally Signed
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

applications during the financial years 2024–2025 and 2023–2024 amounts to ₹12,264/- and ₹41,037/- respectively. These figures clearly indicate that the scale of such activity is minimal, both in terms of revenue generation and volume of transactions.

ii. With respect to rejection of IPO bids:

a. The requirement related to maintenance of records for intermediaries in case of UPI payments with ASBA are specified in Para 8 of the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019. However, there is no requirement of maintaining of records in case of bid rejection.

b. Mandot stated that a sub-syndicate member does not receive any report or information related to the application status. Mandot further averred that regardless of any legal requirements it has maintained such records and has provided the same to the Exchange.

c. Mandot submitted that it is merely sending prefilled UPI links to the clients to enable them to easily apply for IPO with few clicks as value added service. However, client is not bound to apply through member only and has the option to apply using the link or even apply through other stockbrokers or banks. Thus, it is like a communication of intimation of IPO and should not be construed as order placement. Hence, based on above submissions regarding applicability of compliance requirement, quantum of operations, business model and written and oral consents the observation should be dropped.

5.1.3. The Committee finds as under:

i. With respect to prior consent not obtained from client for applying in IPO application

a. Upon verification of “IPO application process followed by Mandot” it was observed that, the files containing the client’s IPO details are uploaded to the Exchange by Mandot without obtaining prior consent from the respective clients, post which UPI mandate links were generated by the Exchange, and such mandates were sent to the clients via SMS. On receipt of the mandate, clients’ funds were blocked as per ASBA process.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

b. As per SEBI Circular-SEBI/HO/CFD/DIL2/CIR/P/2018/138, dated November 01, 2018, investors applying for public issues using the Unified Payment Interface (UPI) must fill in their bid details and UPI ID in the application form. This form can then be submitted to any authorized intermediary such as a Syndicate Member, Registered Stock Broker, Registrar and Transfer Agent (RTA), or Depository Participant (DP). Once the form is received, only then the intermediary shall upload the application details to the stock exchange's bidding platform. The Exchange then electronically forwards the bid and UPI information to the Escrow or Sponsor Bank appointed by the issuer. Thereafter, the bank initiates a UPI mandate request, prompting the investor to authorize the blocking of funds equivalent to the application amount. This request is sent via SMS or notification to the investor's mobile number linked to their UPI ID. Upon validation, the investor's bank blocks the specified amount in their account and confirms the block to the investor.

c. Mandot has not adhered to the said guidelines as the IPO biddings were not initiated by the client. Since prior consent to bid in IPO were not obtained from the clients it resulted into rejection of large number of bids.

d. Further, Mandot has provided written forms pertaining to 'authorization to send UPI link for IPO application.' However, such authorization letters were generic and not IPO specific application i.e. authorization letters were neither separate for each IPO bidding application for each investor nor time stamped, thereby rendering them insufficient as conclusive evidence to establish that such documents were obtained prior to the submission of the IPO application. Further, sending pre-filled client details to the Exchange for all IPOs based on a one-time instruction, without the client's scrip specific consent, is not permitted.

e. Mandot stated that it has provided the call recordings with clients, however it has not provided the call recordings, pertaining to 10 clients. Further, the call recordings provided by Mandot did not demonstrate that the requisite evidence was maintained in relation to the submission of IPO bid applications.

f. As per Circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, investors can apply for public issues using ASBA as the sole payment method. They may submit the bid-cum-application form either physically at their bank (SCSB) or online, if such a facility is

This document is digitally signed

NSE

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

available. In both cases, the bank continues to upload the bid and block the funds in the investor's account. Additionally, investors can apply online through broker-provided 3-in-1 accounts that link trading, demat, and bank services. Retail Individual Investors also have the option to apply through intermediaries using their UPI ID for fund blocking.

g. Further, as per Exchange Regulation 3.2.1 of NSEIL Regulations (CM Segment) "Trading Members shall ensure that appropriate confirmed order instructions are obtained from the constituents before placement of an order on the system and shall keep relevant records or documents of the same and of the completion or otherwise of these orders thereof". As per NSE/INSP/35929, dated September 27, 2017 and SEBI/HO/MIRSD/DOP1/CIR/P/2018/54, dated March 22, 2018 All brokers shall execute trades of clients only after keeping evidence of the client placing such order, it could be, inter alia, in the form of physical record written & signed by client, telephone recording, email from authorized email id, log for internet transactions, record of SMS messages and any other legally verifiable record.

h. Further, upon verification of IPO process note provided by Mandot, prefilled links were shared to the clients to enable them to make IPO applications. However, the files containing the client's IPO details is uploaded to the Exchange by Mandot, post which UPI mandate links were generated. As per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, RII will fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediary. Hence, bidding shall be based on client's willingness to apply for respective IPO. As per SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, IPO applications via UPI must be made only through SCSBs or approved mobile apps.

i. Further, as per SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, intermediaries shall retain physical application forms submitted by retail individual investors with UPI as a payment mechanism, for a period of six months and thereafter forward the same to the issuer / Registrar to Issue and in case of Electronic forms, "printouts" of such applications need not be retained or sent to the issuer. Intermediaries shall, at all times, maintain the electronic records relating to such forms for a minimum period of three years.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

j. Further, upon verification of Exchange data and contention of Mandot, it was observed that majority of the bids were rejected due to the reason of “bids not banked,” “UPI mandate not accepted” and invalid UPI pin.

5.1.4. Given the findings mentioned above, the Committee decided to levy a monetary penalty of Rs. 25,000/- and has directed to comply with the requirement to put in place system for keeping appropriate evidence for the IPO bids placed by the client within 30 days from the date of communication in terms of S. No. 63 of Schedule I of Exchange circular NSE/INSP/53530 dated September 02, 2022, read with Exchange Circular No. NSE/INSP/70746, dated October 10, 2025, for the observation/violations failing which Mandot will not be allowed to place bids in IPO till compliance of the direction.

5.2. <u>Non-maintenance of client registration documents containing all the prescribed mandatory documents and all fields properly filled up</u>

5.2.1. Upon verification of KYC documents and it’s supporting for 50 sample clients, Exchange observed that Mandot has not executed client registration documents containing all the prescribed details.

a. Mandot has not obtained declarations of past action.

b. Mandot has not informed the clients about the charges related to depository.

c. KYC documents including account opening form (including mandatory documents like Rights and obligations, Uniform Risk Disclosure documents, guidance note, MITC) were not handed over to the clients through email or physical mode.

5.2.2. In reply to the LO, Mandot submitted that:

a. Past actions are captured under point no. 12 of “Trading History”

b. Depository charges are included as separate DP Tariff Sheet on page 16-17 of KYC.

c. Rights and obligation are included on page no. 15, RDD on page 13, Guidance note on 20 and MITC on page 46 onwards and copy of the same is sent to clients before and after digital signatures were obtained during onboarding.

This Document is Digitally Signed
NSE
Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

5.2.3. The Committee finds as under:

a. With respect to non-declaration of past action-

i. Upon verification of the client registration documents, it was observed that the section pertaining to disclosure of past actions has been left blank in the submitted form. In contrast, Mandot has provided a single sample form wherein the past action field is filled with the statement “Nil.” However, reliance on a single sample form is insufficient to substantiate compliance with the regulatory requirement.

ii. As per Annexure-3 of Exchange Circular No. NSE/INSP/18677 dated August 22, 2011, it is mandatory that trading account-related details include disclosure of any past action taken by SEBI, Exchanges, or any other competent authority against the applicant. The omission of such disclosure, whether by leaving the field blank or failing to provide a definitive statement, constitutes a violation of the prescribed norms.

iii. Accordingly, the contention raised by Mandot cannot be accepted, and the violation persists.

b. With respect to depository charges not included in tariff sheet-

i. Upon verification of client registration documents, it was observed that break up of account opening charges and brokerage charges has not been mentioned in the Tariff sheet. However, Mandot has provided a single sample form wherein the details pertaining to statutory charges, account maintenance charges etc. has been provided. Reliance on a single sample form is insufficient to substantiate compliance with the regulatory requirement.

ii. As per Annexure-1 of Exchange Circular No. NSE/INSP/18677 dated August 22, 2011, it is mandatory to provide tariff sheet to the client which shall contain the details of rate/amount of brokerage and other charges levied on the client for trading on the stock exchange.

iii. Accordingly, the contention raised by Mandot cannot be accepted, and the violation persists.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

c. With respect to non-handing over of KYC documents and account opening form (including mandatory documents like Rights & obligation, Uniform Risk Disclosure Document (RDD), guidance note, MITC) through physical or electronic mode:

i. Upon verification of client registration documents, it was observed that KYC documents and account opening form included the Rights and Obligations and pages were signed by the clients. But the form did not include the Uniform Risk Disclosure, guidance notes, MITC. As per Annexure- 4 & 6 of exchange circular no. NSE/INSP/2011/121 dated August 22, 2011 which states Rights And Obligations Of Stock Brokers, Sub-Brokers And Clients as prescribed by SEBI and Stock Exchanges and Guidance Note - Do's And Don'ts For Trading On The Exchange(S) For Investors- Ensure that client have read all the mandatory documents viz. Rights and Obligations, Risk Disclosure Document, Policy and Procedure document of the stock broker. Further, as per Exchange circular no. NSE/INSP/60147 dated January 05, 2024, with respect to new clients onboarded from April 01, 2024, onwards, the MITC is required to be acknowledged i.e., duly signed by the client. Further, as per SEBI circular dated November 13, 2023, MITC shall be informed by members to their existing clients by June 01, 2024, via email or any other suitable mechanism which can be preserved. In case if communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients. Other suitable mechanism may include physical delivery/SMS/electronic instant messaging services after adhering with the safeguard prescribed under Exchange Circular NSE/INSP/52604 dated June 10, 2022, on Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services. Mandot has failed to abide by the provisions of aforementioned circulars. Hence, the violation persists.

5.2.4. Considering the findings above, the Committee decided to warn Mandot to ensure non-recurrence of the observed violation as per Exchange circular NSE/INSP/53530 dated September 02, 2022, read in line with Exchange Circular No. NSE/INSP/70746, dated October 10, 2025.

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

DECISION

6. In view of the above, the Committee levies the following penalties as indicated against the violations mentioned below: -

Sr. No.	Committee's Findings based on the Noticee's submission	Prescribed penalty as per Exchange Circular No. NSE/INSP/53530 dated September 02, 2022	Penalty levied post-considering the Noticee's submissions and the Committee's findings
1.	Observations pertaining to IPO process- i. Mandot has not provided the written contracts / agreements / terms and conditions describing all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations and structure of charges. ii. Mandot has no system in place to maintain the evidence for the order placed during IPO bidding	No prescribed penalty	Monetary penalty of Rs.25,000/- and Direction to comply with the requirement to put in place system for keeping appropriate evidence for IPO bid placed by client within 30 days from the date of communication, failing which Mandot will not be allowed to place bids in IPO till compliance of the direction.
2.	Improper maintenance of client registration documents viz., declaration for past action from clients not obtained, charges related to depository services and KYC not delivered to clients	Warning	Warning
	Total		**Monetary penalty of Rs. 25,000/- and direction**

7. Mandot is directed to pay a monetary penalty of Rs. 25,000/- (Rupees Twenty-five thousand only) as indicated above.

This Document is Digitally Signed

NSE

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE

8. Mandot is directed to comply with the requirement to put in place system for keeping appropriate evidence for IPO bid placed by client within 30 days from the date of communication, failing which Mandot will not be allowed to place bids in IPO till compliance of the direction.

9. The Mandot is directed to note the non-monetary penalties as indicated above and ensure non-recurrence of the observed violations.

Sd/-	Sd/-	Sd/-
Abhilasha Kumari	Essaji Vahanvati	Ashishkumar Chauhan
(Committee Member)	(Committee Member)	(Committee Member)

Date: May 20, 2026

This Document is Digitally Signed

Signed by: Monika Choghale
Date: Wed, May 20, 2026 17:03:47 IST
Location: NSE