

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Sections 11(1), 11(4), 11B and 11D of the Securities and Exchange Board of India Act, 1992 read with the SEBI (Investment Advisers) Regulations, 2013, SEBI (Portfolio Managers) Regulations, 1993 and the SEBI (Research Analysts) Regulations, 2014, in the matter of Shri Priyansh Patodi (PAN: BBDPP5436J), Proprietor of MMF Solutions.

- 1.1 Securities and Exchange Board of India ("SEBI") had conducted an examination into the activities of MMF Solutions to ascertain whether or not that entity was offering '*Investment Advisory Services*' to the public through its website <http://www.mmfsolutions.com>.
- 1.2 It was observed from the information obtained from the abovementioned website that the activities of MMF Solutions were in the nature of offering '*Investment Advisory Services*'. Therefore, SEBI, vide letter dated May 7, 2014, sought an explanation from that entity for non-compliance with the SEBI (Investment Advisers) Regulations, 2013 ("**Investment Advisers Regulations**").
- 1.3 As no reply was forthcoming, physical verification of the address available on record as MMF Solutions' office premises i.e. 307, Vidyapati Complex, Race Course Road, Janjeerwala Square, Indore, Madhya Pradesh, was conducted by SEBI Officials on October 13, 2014 and October 24, 2014. However, during the course of such verification, it was discovered that the entity functioning from the aforesaid address was MMF Infotech Technologies Private Limited ("**MMF Infotech Technologies**"). MMF Infotech Technologies informed the SEBI Officials that they were not providing any advisory services and no such entity by the name of MMF Solutions operated from the aforesaid address.
2. On December 3, 2014, SEBI received a complaint in relation to MMF Solutions. The complainant therein, who claimed to be an employee of MMF Infotech Technologies, alleged that illegal investment advisory services were being offered by that entity through MMF Solutions, which was a part of MMF Infotech Technologies.

- 3.1 From the website <http://www.mmfsolutions.com>, it was observed that MMF Solutions had listed an Axis Bank Limited (“**Axis Bank**”) Bank Account No. 910020033227577 under the link: Payment Options. Accordingly, vide correspondences dated December 3, 2014 and December 12, 2014, SEBI sought the following information from Axis Bank, Y. N. Road Branch–Indore, viz. –
- i. Bank Account details and statement of any accounts of MMF Solutions maintained with Axis Bank from October 1, 2013 to till date.
 - ii. Bank Statement of Account Number 910020033227577 from January 1, 2014 to till date.
 - iii. PAN and KYC details of the entities mentioned at point i and ii above.
- 3.2 Vide reply dated December 15, 2014, Axis Bank provided the abovementioned information to SEBI.
- 3.3 Under the ‘Axis Bank – Current Account Opening Form’ in respect of Account Number 910020033227577, details of the applicant were reflected as ‘MMF & Solutions’ having address: 14/1, Old Palasia, 6th Floor, 601 Rukmani Plaza, A B Road, Indore, Madhya Pradesh – 452001, India, with Shri Priyansh Patodi as its Proprietor.
- 3.4 Thereafter, vide letter dated December 17, 2014, SEBI once again sought an explanation from MMF Solutions (through its Proprietor i.e. Shri Priyansh Patodi) for non–compliance with the Investment Advisers Regulations.
- 3.5 As no reply was forthcoming, a reminder letter dated December 26, 2014, was sent to MMF Solutions. Vide letter dated January 1, 2015, MMF Solutions replied to SEBI and *inter alia* submitted –

“We are in receipt of your above referred letter (December 26, 2014) requesting our comments/response for non–compliance of the Investment Advisers Regulations. In this regard, we wish to state that we are in the process to complete the application for Grant of Certificate of Registration as Investment Advisor with SEBI and soon we will be submitting the Application Form with all the required documents with SEBI. Also, we would like to bring (to) your kind attention that our Firm is a proprietorship concern and its name is ‘MMF Solutions’ and not MMF Solutions Pvt. Ltd. ...”

- 3.6 Pursuant to the reply dated January 1, 2015, a reminder letter dated January 19, 2015, was forwarded by SEBI to MMF Solutions advising it to offer its explanation for non-compliance with the Investment Advisers Regulations. Subsequently, a phone call was received at SEBI–Indore Local Office (“**SEBI–ILO**”) informing that Shri Priyansh Patodi was a student and since he was in Pune, he would later personally visit SEBI–ILO for further inquiry. However, no such visit was made by Shri Priyansh Patodi or his representatives. Further, no explanation has been received from either MMF Solutions or Shri Priyansh Patodi, till now.
- 3.7 From the website <http://www.mmfsolutions.com>, it was further observed that MMF Solutions offered services which were in the nature of ‘*Research Analyst Services*’ in violation of the SEBI (Research Analysts) Regulations, 2014 (“**Research Analysts Regulations**”) and ‘*Portfolio Management Services*’ in violation of the SEBI (Portfolio Managers) Regulations, 1993 (“**Portfolio Managers Regulations**”).
- 3.8 During the period January 2015 to December 2015, SEBI was in receipt of further complaints against MMF Solutions.
- 4.1 The material available on record i.e. correspondences exchanged between SEBI and MMF Solutions; information obtained from the Ministry of Corporate Affairs' website i.e. ‘*MCA 21 Portal*’; information obtained from MMF Solutions' website; documents annexed with the complaints received by SEBI, against MMF Solutions; have been perused.
- 4.2 Accordingly, the issue for determination in the instant matter is ‘*Whether MMF Solutions and its Proprietor, Shri Priyansh Patodi are providing Investment Advisory Services, Portfolio Management Services and Research Analyst Services to their clients/investors, without obtaining registration from SEBI, in violation of the Investment Advisers Regulations, Portfolio Managers Regulations and the Research Analysts Regulations.*’ In this context, it is observed that –
- A. The address of MMF Solutions was changed from 307, Vidyapati Complex, Race Course Road, Janjeerwala Square, Indore to *simply* Indore. However, the search results for the address of MMF Solutions on www.google.com show it as 2A/8, S.V Road, Majethia Nagar, Kandivali, Mumbai–400067, Maharashtra with phone number 08349535103, which incidentally is also the same phone number listed on its

abovementioned website. There are 2 other contact numbers i.e. +919039467920 and WhatsApp number i.e. +919407177557, alongwith an e-mail address i.e. support@mmfsolutions.com, listed on its website.

B. Information obtained from MMF Solutions Indian Website in respect of 'Investment Advisory Services.'

- i. Information collected from MMF Solutions' website i.e. <http://www.mmfsolutions.com>, which is reproduced below, *prima facie* indicates that the aforesaid entity is involved in offering 'Investment Advisory Services' to the public –

- a. On its website's *Home Page*, the following is stated –

"Welcome to MMF SOLUTIONS – your financial advisory and wealth builder in the Equity, Commodity and Currency market!"

We at MMF Solutions are committed to help you grow your money, whether you are a short-term trader, a long-term investor or both. Our relentless presence not only assures you profitability but also holds your hand at every step! So we are your dependable trading partner with top investment advice and trading recommendations for Stocks listed under NSE and BSE, for Commodities in MCX, NCDEX and COMEX and for Currencies. ...

We provide world class, accurate and up to the minute financial advices to maneuver investors' profits.

We provide customized advice and tips for client specific needs and preferences.

MMF Solutions is a promising and widespread financial advisory firm with one point objective – to help traders and investors grow their money. We have a noticeable presence across the country with specialized consultation in the Equities, Commodities and Currencies markets."

- b. Under the heading: *Explore MMFS: FAQ* on its website, it is stated –

"MMF Solutions has excelled to be a prolific financial advisory and a reliable trading partner for traders and investors.

Our Advisors provide actionable tips for your maximum gain in targeted entities."

- c. “Live calls” have been made available on its website, some of which are reproduced below –

- “Sell IRB FUT below 252 targets 249-245 SL above 256
05/01/2015”
- “Sell Copper 403 403.50 SL 406.60 TGT 401 398.70
29/12/2014”
- “Buy Yes Bank 860 Put Above 35 Target 38-45 SL 29
09/03/2015
Cash:”
- “Buy SPARC Cash Above 555 Target 560-570 SL 550
09/03/2015
MCX:”
- “MMFS: sell Gold 26490 26510 SL 26605 TGT 26410 26350
05/03/2015”

- d. Track Sheets pertaining to recommendations suggested by MMF Solutions have also been made available on its website and the same are reproduced below –

TABLE I – Track Sheet		
Sr. No.	Service	Updated till
1.	COMEX	December 11, 2014
2.	Commodity	December 23, 2015
3.	FOREX	November 28, 2014
4.	NCDEX	September 5, 2014
5.	Stock Cash	December 23, 2015
6.	Stock Future	December 23, 2015
7.	Stock Options	December 23, 2015

- e. The Pricing Plans made available by MMF Solutions on its website for its ‘Investment Advisory Services’ are reproduced below –

I. FEE PLANS DURING MARCH 2015

(i) Equity Plans –

Super HNI Pack			
Monthly	Quarterly	Half Yearly	Yearly
₹100000	₹200000	₹300000	₹450000

Stock Cash				Premium Stock Cash			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
NA	₹15000	₹20000	₹30000	₹15000	₹30000	₹50000	₹75000

Platinum Cash				Positional Cash			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹20000	₹45000	₹65000	₹90000	₹12000	₹25000	₹60000	₹75000

(ii) Derivative Plans –

Stock Futures				Premium Stock Futures			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹10000	₹20000	₹35000	₹60000	₹25000	₹50000	₹70000	₹100000

Platinum Futures				Positional Futures			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹30000	₹60000	₹75000	₹125000	₹25000	₹50000	₹75000	₹100000

Nifty Futures				Premium Nifty Futures			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹4000	₹10000	₹17000	₹28000	₹10000	₹20000	₹35000	₹60000

Nifty Options				Options - Call & Put			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹4000	₹10000	₹17000	₹28000	₹6000	₹15000	₹25000	₹60000

Premium Stock Options			
Monthly	Quarterly	Half Yearly	Yearly
₹18000	₹45000	₹60000	₹90000

(iii) Commodity Derivative Plans –

MCX							
Bullion				Premium Bullion			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹10000	₹20000	₹35000	₹60000	₹20000	₹35000	₹60000	₹90000

MCX							
Base Metals				Premium Base Metal			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹5000	₹15000	₹20000	₹30000	₹10000	₹20000	₹35000	₹60000
Energy				Premium Energy			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹5000	₹15000	₹20000	₹30000	₹12000	₹25000	₹45000	₹60000

NCDEX			
Monthly	Quarterly	Half Yearly	Yearly
₹20000	₹35000	₹60000	₹90000

COMEX			
Monthly	Quarterly	Half Yearly	Yearly
₹25000	₹50000	₹110000	₹150000

(iv) FOREX Plans –

International FOREX							
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹20000	₹35000	₹60000	₹90000	₹25000	₹50000	₹110000	₹150000

II. FEE PLANS DURING DECEMBER 2015

(i) Equity Plans –

Super HNI Pack			
Monthly	Quarterly	Half Yearly	Yearly
₹100000	₹200000	₹300000	₹450000

Stock Cash				Premium Stock Cash			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹7000	₹18000	₹32000	₹58000	₹15000	₹35000	₹73000	₹135000

Platinum Cash				Positional Cash			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹20000	₹45000	₹80000	₹150000	₹12000	₹25000	₹60000	₹70000

(ii) **Derivative Plans –**

Stock Futures				Premium Stock Futures			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹8500	₹20500	₹31500	₹58000	₹15000	₹40000	₹75000	₹135000

Platinum Futures				Positional Futures			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹25000	₹65000	₹115000	₹195000	₹25000	₹50000	₹70000	₹100000

Nifty Futures				Nifty Options			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹10000	₹25000	₹45000	₹80000	₹10000	₹25000	₹45000	₹80000

Premium Stock Options				Options - Call & Put			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹15000	₹40000	₹70000	₹130000	₹6000	₹15000	₹25000	₹60000

(iii) **Commodity Derivative Plans –**

Bullion Tips				Premium Bullion Tips			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹10000	₹25000	₹45000	₹80000	₹20000	₹53000	₹100000	₹190000

Base Metals Tips				Premium Base Metal			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹8000	₹22000	₹40000	₹75000	₹12000	₹32000	₹60000	₹114000
Advanced Energy Tips				Premium Energy Tips			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹6000	₹15000	₹25000	₹45000	₹12000	₹32000	₹60000	₹114000

Advanced Energy Tips				Premium Energy Tips			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹12000	₹32000	₹60000	₹114000	₹20000	₹35000	₹60000	₹90000

Bullions + Energy Tips				Premium NCDEX Tips			
Half Yearly	Yearly	Half Yearly	Yearly	Half Yearly	Yearly	Half Yearly	Yearly
₹25000	₹45000	₹25000	₹45000	₹25000	₹45000	₹25000	₹45000

Premium COMEX				Super HNI Pack			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹25000	₹50000	₹110000	₹150000	₹100000	₹200000	₹300000	₹450000
Forex + Options				MCX Tips			
Half Yearly	Yearly	Half Yearly	Yearly	Half Yearly	Yearly	Half Yearly	Yearly
₹12000	₹30000	₹50000	₹65000	₹15000	₹40000	₹70000	₹95000

(iv) **Forex Currency Derivatives –**

International FOREX				Super HNI Pack			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹25000	₹50000	₹110000	₹150000	₹100000	₹200000	₹300000	₹450000

Domestic FOREX			
Monthly	Quarterly	Half Yearly	Yearly
₹20000	₹35000	₹60000	₹90000

(v) **Inventory Calls –**

International FOREX				Super HNI Pack			
Monthly	Quarterly	Half Yearly	Yearly	Monthly	Quarterly	Half Yearly	Yearly
₹15000	₹28000	₹38000	₹68000	₹450000	₹300000	₹200000	₹100000

C. Information obtained from MMF Solutions Indian Website regarding ‘Research Analyst Services’

- i. Information collected from MMF Solutions’ website i.e. <http://www.mmfsolutions.com>, which is reproduced below *prima facie* indicates that the entity is also involved in offering ‘Research Analyst Services’ to the public –

- a. *“In addition, we also broadcast daily SMS such as equity tips, send market updates and provide chat room services. You can tap all these beneficial services now!”*

Therefore, we use to issue 'WEEKLY REPORTS' on the very first day of the week i.e. on Monday. This helps our client's to get track of the market for the present week and plan accordingly. This benefits those investors who wants to spend less time in reading reports and believes in our expertise of predicting market movements. You will find weekly reports of:

- *Agri (agriculture based Market);*
- *Commodity Market;*
- *Equity Market;*
- *FOREX Market;*
- *iFOREX Market, and*
- *COMEX Market.*

To subscribe to our Reports, you can now buy them as per mentioned details –

- *Monthly – ₹4000*
- *Quarterly – ₹6000*
- *Half Yearly – ₹9000*
- *Yearly – ₹12000”.*

D. Information obtained from MMF Solutions 'Business Partner' Website

- i. MMF Solutions is also offering 'Business Partner' scheme at the link: <http://partners.mmfsolutions.com/index.php/partnership-models/2-uncategorised> to attract partners for inviting clients towards subscription to its 'Investment Advisory Services' and 'Research Analyst Services'. Relevant extracts of the 'Business Partner' scheme as obtained from the aforesaid website, are reproduced below –
 - a. *"First and foremost, as a Business Associate you are actually entering into a strategic business tie-up with MMF Solutions. And the best is you are fully eligible to join this program.*
 - b. *MMF Solutions is one of the top financial advisory service providers in India.*
 - c. *Every time a business is generated through your referrals, you earn a commission, because there is a lucrative incentive plan in this program. Your commissions begin at no less than 30% and they go on to high extent as the volume of business rises.*
 - d. *As a Business Associate you get commission not only for fresh business generated but also for client renewals.*
 - e. *Commission incentives are monthly. So you can set your own targets and make a handsome monthly earning through our Partnering to Profit program.*

- f. *MMF Solutions has been working with Business Partners in their growth journey. Business Partners also have the privilege to MMF Solution's brand name and gain benefits of its goodwill and global presence to attract clients. MMF Solutions extends support to its Business Partners in increasing their profitability by guiding their efforts to the relevant and interested audience.*
- g. *The only eligibility to be Business Associate with MMF Solutions through Partnering to Profit program is – a diehard urge to make money and be a successful individual!
You need to be a HSC qualified or must have passed through a similar board from a recognized institution”*

E. Information obtained from MMF Solutions Singapore and Malaysia Offices’ Website

- i. External links to MMF Solutions’ Offices in Singapore and Malaysia have also been made available on its website and extracts from the links to the aforesaid Offices are reproduced below –

A. *Singapore Office website – <http://www.mmfsolutions.sg/>*

“Our incredible financial advisory covers a wide range of trading interests:

- *Intraday stock picks for active stock traders in SGX Singapore*
- *Positional stock picks for investors in SGX Singapore.*
- *COMEX for commodity traders and investors in Gold, Silver, Crude Oil, etc.*
- *FOREX for currencies traders and investors with top currency pairs.*
- *CFD trading signals to trade thousands of financial products.*
- *Malaysian Intraday stock picks to make intra-day profits from KLSE market.*
- *Malaysian Mid-Term Stock Picks to get max profits in short span of time*
- *Malaysian Positional Stock Picks to gain profits in positional service.*
- *Sharia Compliant Investment to trade in Sharia stocks.*
- *FKLI Index Signals to trade in index.*

MMF Solutions strongly believes in client’s profitability as a decisive factor in customer satisfaction! To meet this objective, we follow the one point philosophy – providing financial advisory well customized to their trading preferences. We employ industry’s best talents and apply

enormous technical research to increase profitability index, through Singapore stock picks, FOREX picks and COMEX picks.

MMF Solutions is one of the top financial advisory service providers for SGX/KLSE Stocks, COMEX & FOREX signals. Our recognition is an outcome of our versatile array of services, immaculate trading tips for Stocks, Commodities and FOREX trading and our exceptional expertise in technical research. Our financial advisory services predominantly cover SGX Singapore, KLSE Bursa Malaysia COMEX and FOREX trades!

10% – 15% returns on Monthly Basis.

75% – 85% accuracy on Monthly Basis.

Complete Portfolio Management.”

TABLE I – Track Sheet for Singapore Office		
Sr. No.	Service	Updated till
1.	COMEX	January 30, 2015
2.	KLSE – Equity	January 12, 2015
3.	FOREX	January 30, 2015
4.	Equity – SGX	January 9, 2015

“We the MMF Solutions proposed to convey the précised ‘Week by week Report’ in capital markets.

The above mentioned research report cover all the main markets and deliver weekly moves & predictions in a précised manner based on each market.”

Following reports are available on Singapore website of MMF:

1. SGX;
2. KLSE;
3. FOREX;
4. COMEX.

B. Malaysia Office website – <http://www.mmfsolutions.sg/malaysian-intraday-stock-picks-klse/>

The following extracts from the MMF Solutions’ Malaysia Office website *prima facie* indicate that assured returns were also guaranteed to investors –

“MMF Solutions welcomes you to explore the highly potential Malaysian stock market! This is an outstanding opportunity for you to enter the Kuala Lumpur Stock Exchange (KLSE-Bursa Malaysia) and start making intraday profits using our profitable Malaysian Intraday

Stock Picks KLSE.

MMF Solutions has designed a special package for you owing to the fact that Malaysia market comprises many top companies. Vide this, we send you KLSE stock trading recommendations based upon our experienced stock experts and proficient technical analysts. As a result, KLSE is an incredible avenue and has innumerable profit making prospects for every trader.

10% – 15% returns on Monthly Basis.”

- a. Sample Calls given on the aforementioned website are reproduced below –
 - *“KLSE Intraday Stock Call: Buy Kumpulan Perangsang Selangor (5843) At 1.65 Targets – 1.74/1.80 Stop Loss – 1.56 (Not for Trading)*
 - *Follow-up calls*
 - *KLSE Intraday Call Update: Our 1st Target @ 1.74 has hit in KPS (5843), please book profit in it.*
 - *KLSE Intraday Call Update: Our 2nd Target @ 1.80 has hit in KPS (5843), please book more profit in it.”*
- b. Details provided on the 'About Us' link of the Malaysia Office website of MMF Solutions such as phone number i.e. +6531582180/+6531586576, e-mail address i.e. info@mmfsolutions.sg, Fax number +6568264112 and Skype ID i.e. mmfsolutionsg, are the same as those given for the Singapore Office of that entity.

F. Information obtained from complaints against MMF Solutions regarding 'Portfolio Management Services'

- i. Information collected from complaints received by SEBI against MMF Solutions, which is reproduced below, *prima facie* indicates that the entity is also involved in offering 'Portfolio Management Services' to the public –

Complete Portfolio Management

- a. Vide an e-mail dated May 8, 2015, having subject matter '*Contract & Services of Target Plan*', MMF Solutions informed the investors therein of its '*Portfolio Management Services*' – '*Join with MMFSOLUTIONS and be a part of professional trading with excellent Portfolio management and a 24*7 Research and Support.*'
- b. From a *Contract Note* submitted by an investor/complainant vide complaint dated October 29, 2015, it is observed that MMF Solutions while confirming receipt of payment amounting to ₹10000 from him, also informed him that the portfolio of the complainant/client will be managed by an executive of MMF Solutions – "*Our trained executive trade on your behalf and look out of your profit & target and manage your portfolio and your terminal.*"

G. Information obtained from the Bank Account Statements and KYC Documents of MMF Solutions

- i. From the Bank Account Statements and KYC documents of "*MMF Solutions*" for Bank Account No. 910020033227577 and also other information provided to SEBI by Axis Bank, it is observed that –
 - a. The Applicant's name is reflected as "*MMF and Solutions*" and not "*MMF Solutions*" as submitted by the said entity in its reply dated January 1, 2015.
 - b. "*MMF and Solutions*" is a Proprietorship Firm with Shri Priyansh Patodi as its Sole Proprietor. In the complaint against "*MMF Solutions*" (received by SEBI on December 3, 2014 and mentioned at paragraph 2), it was alleged by the complainant therein that: "... *They have almost 300 students working in their advisory in the name of MMF Infotech. They are operating illegal advisory. They have two offices in 307 they operate Infotech and another one is just (in) front of that office ...*" In this context, it is pertinent to note that one of the Directors of "*MMF Infotech Technologies*" (as obtained from *MCA21 Portal*), is Shri Priyansh Patodi, who is also the Sole Proprietor of "*MMF Solutions*". It may also be noted that the Facebook Account of "*MMF Solutions*" at <https://www.facebook.com/mmfsolutions> reflects the user as "*MMF and Solutions*" whereas the Twitter handle at <https://twitter.com/mmfsolutions> has, as its handler, "*MMF Solutions*".

- c. The entity's business has been mentioned as '*Share Market Office*' in the *Gumashta* Certificate submitted to Axis Bank.
- d. Shri Priyansh Patodi held another bank account with Axis Bank having Account No. 910020013015543. However, no transactions were noted in the aforesaid Account.
- e. Transactions in "*MMF Solutions*" bank account for the period from January 1, 2014 to December 15, 2014, which were equivalent to the amount indicated in the aforementioned Pricing Plans are reproduced below –

Table 5	
Amount	Number of transactions equivalent to amount indicated in the Pricing Plans
4000	8
5000	51
6000	4
10000	14
12000	1
15000	3
20000	7
25000	1
30000	1
50000	1

H. Payments received by MMF Solutions through Payment Gateway–‘CCAvenues’

- i. On its website, MMF Solutions has made available another mode of payment through the Payment Gateway–‘CCAvenues’ for its '*Investment Advisory Services*', '*Research Analyst Services*', etc. The following transactions have been observed from the Axis Bank Account Statement of "*MMF Solutions*" –

Sr. No.	Date	Transaction ID	Amount (₹)
1.	14.03.14	NEFT/KKBKH14073135591/NODALBANKACCOUNTAVENUES I	166164
2.	19.03.14	NEFT/KKBKH14078305701/NODALBANKACCOUNTAVENUES I	3843
3.	22.03.14	NEFT/KKBKH14081469697/NODALBANKACCOUNTAVENUES I	2958
4.	29.03.14	NEFT/KKBKH14088522369/NODALBANKACCOUNTAVENUES I	21051
5.	05.04.14	NEFT/KKBKH14095248560/NODALBANKACCOUNTAVENUES I	62761
6.	12.04.14	NEFT/KKBKH14102566919/NODALBANKACCOUNTAVENUES I	41354
7.	19.04.14	NEFT/KKBKH14109224473/NODALBANKACCOUNTAVENUES I	46497
8.	26.04.14	NEFT/KKBKH14116573080/NODALBANKACCOUNTAVENUES I	40112
9.	03.05.14	NEFT/KKBKH14123328762/NODALBANKACCOUNTAVENUES I	52507
10.	10.05.14	NEFT/KKBKH14130365990/NODALBANKACCOUNTAVENUES I	56124
11.	17.05.14	NEFT/KKBKH14137255379/NODALBANKACCOUNTAVENUES I	4792
12.	24.05.14	NEFT/KKBKH14144599138/NODALBANKACCOUNTAVENUES I	93714
13.	31.05.14	NEFT/KKBKH14151391509/NODALBANKACCOUNTAVENUES I	35449
14.	07.06.14	NEFT/KKBKH14158215409/NODALBANKACCOUNTAVENUES I	46576
15.	14.06.14	NEFT/KKBKH14165561387/NODALBANKACCOUNTAVENUES I	34478
16.	21.06.14	NEFT/KKBKH14172281245/NODALBANKACCOUNTAVENUES I	76298
17.	28.06.14	NEFT/KKBKH14179175637/NODALBANKACCOUNTAVENUES I	64372
18.	05.07.14	NEFT/KKBKH14186595820/NODALBANKACCOUNTAVENUES I	94930
19.	12.07.14	NEFT/KKBKH14193340831/NODALBANKACCOUNTAVENUES I	52348
20.	26.07.14	NEFT/KKBKH14207391946/NODALBANKACCOUNTAVENUES I	54963
21.	19.07.14	NEFT/KKBKH14200038485/NODALBANKACCOUNTAVENUES I	50725
22.	02.08.14	NEFT/KKBKH14214167710/NODALBANKACCOUNTAVENUES I	76736
23.	09.08.14	NEFT/KKBKH14221524439/NODALBANKACCOUNTAVENUES I	83301
24.	16.08.14	NEFT/KKBKH14228207083/NODALBANKACCOUNTAVENUES I	31801
25.	23.08.14	NEFT/KKBKH14235476058/NODALBANKACCOUNTAVENUES I	43441
26.	30.08.14	NEFT/KKBKH14242324060/NODALBANKACCOUNTAVENUES I	22966
27.	06.09.14	NEFT/KKBKH14249189683/NODALBANKACCOUNTAVENUES I	53028
28.	13.09.14	NEFT/KKBKH14256564620/NODALBANKACCOUNTAVENUES I	38680
29.	20.09.14	NEFT/KKBKH14263272347/NODALBANKACCOUNTAVENUES I	75463
30.	27.09.14	NEFT/KKBKH14270127098/NODALBANKACCOUNTAVENUES I	36756
31.	04.10.14	NEFT/KKBKH14277520416/NODALBANKACCOUNTAVENUES I	50646
32.	11.10.14	NEFT/KKBKH14284288876/NODALBANKACCOUNTAVENUES I	101169
33.	18.10.14	NEFT/KKBKH14291057215/NODALBANKACCOUNTAVENUES I	67972
34.	25.10.14	NEFT/KKBKH14298519642/NODALBANKACCOUNTAVENUES I	30680
35.	01.11.14	NEFT/KKBKH14305312855/NODALBANKACCOUNTAVENUES I	19323
36.	08.11.14	NEFT/KKBKH14312081412/NODALBANKACCOUNTAVENUES I	131876
37.	15.11.14	NEFT/KKBKH14319461205/NODALBANKACCOUNTAVENUES I	91522
38.	22.11.14	NEFT/KKBKH14326203235/NODALBANKACCOUNTAVENUES I	95938
39.	29.11.14	NEFT/KKBKH14333168249/NODALBANKACCOUNTAVENUES I	48331
40.	06.12.14	NEFT/KKBKH14340020567/NODALBANKACCOUNTAVENUES I	113534
41.	13.12.14	NEFT/KKBKH14347416888/NODALBANKACCOUNTAVENUES I	59348
Total			2374527

- ii. In light of the aforementioned, SEBI vide e-mail dated March 26, 2015, had sought information from 'CCAvenues' pertaining to the KYC documents and business details of MMF Solutions. 'CCAvenues' replied vide e-mail dated March 31, 2015, forwarding KYC documents, which included copy of the letter to Axis Bank for verification of photo of the Proprietor Shri Priyansh Patodi, mailing address, copies of PAN card, driving license, passport and *Gumashta* certificate. From the aforesaid documents, it is observed that:
 - a. The Applicant's name is reflected as "*MMF and Solutions*" and not "*MMF Solutions*" as submitted by the said entity vide its reply dated January 1, 2015. The address is mentioned as 14/1, Old Palasia, Rukmani Plaza, 6th Floor, A. B. Road, Indore.
 - b. "*MMF and Solutions*" is a Proprietorship Firm with Shri Priyansh Patodi as its Sole Proprietor.
 - c. The entity's business has been mentioned as '*Commodity Adviser*' in the *Gumashta* Certificate submitted to Axis Bank.
 - d. Bank Account No. 910020033227577 is mentioned as the bank account for receiving payments made through 'CCAvenues'.

I. Information obtained from the complaints received by SEBI against MMF Solutions

- i. From the complaints received by SEBI against MMF Solutions, it is observed that –
 - a. Vide an e-mail dated May 8, 2015, having subject matter '*Contract & Services of Target Plan*', MMF Solutions specifically offered investors '*Investment Advisory Services*' with a "*50% Flat Discount on Yearly and 30% Flat Discount on Half Yearly Services ... applicable to all individual services. ... Intraday Stock Picks–SGX, Positional Stock Picks–SGX, Intraday Stock Picks–MYX, FOREX Signals, COMEX Commodity Tips.*" Through the aforesaid e-mail, MMF Solutions also informed the investors therein of its '*Portfolio Management Services*' – "*Join with MMFSOLUTIONS and be a part of professional trading with excellent Portfolio management and a 24*7 Research and Support.*"

- b. In a *Contract Note* submitted by an investor/complainant vide complaint dated October 29, 2015, it is observed that MMF Solutions while confirming receipt of payment amounting to ₹10000 from him, assured a return of ₹50000 on the investment made by such investor. Further, such investor was informed that his portfolio will be managed by an executive of MMF Solutions.

4.3 It is *prima facie* observed from the website and bank statements of MMF Solutions alongwith complaints received by SEBI against that entity, that –

- i. MMF Solutions and its Proprietor, Shri Priyansh Patodi, are collecting funds from investors for providing '*Investment Advisory Services*' of giving trading tips, stock specific recommendations, etc. and also '*Research Analyst Services*' through broadcasting of daily SMS containing equity tips and market updates, issuance of weekly reports to the investors on a contractual basis, etc. which are on payment of fees as per the Pricing Plans, as evident from the credit in the bank account of the aforesaid entity received from different individuals from throughout the country.
- ii. MMF Solutions is also offering '*Portfolio Management Services*' to the public.
- iii. MMF Solutions is also offering '*Business Partner*' scheme to attract partners for inviting clients towards subscription to its '*Investment Advisory Services*' and '*Research Analyst Services*'.
- iv. In one of the complaints received by SEBI, the complainant has alleged that MMF Solutions lured him into subscribing to its services by stating on its website that it is a Registered Advisory having Offices in Singapore, Malaysia and the USA. In this context, it is noted that the MMF Solutions Offices in Singapore, Malaysia and India are one and the same on account of the following facts –
 - a. Contact Numbers given on Singapore Office website were the same as those given for the Indian Office website of MMF Solutions i.e. +919039467920 and WhatsApp number i.e. +919407177557;
 - b. The e-mail address i.e. support@mmfsolutions.com available for the Indian Office of MMF Solutions was the same as that for its Singapore Office;
 - c. Upon clicking on the '*About Us*' and '*Pay now*' link on the Malaysia Office website of MMF Solutions, the page connects to the Singapore Office website of that entity i.e. <http://www.mmfsolutions.sg/about-us/>. Further,

details provided on the 'About Us' link of the Malaysia Office website of MMF Solutions such as phone number i.e. +6531582180, e-mail address i.e. info@mmfsolutions.sg, Fax number and Skype ID i.e. mmfsolutionsg, are the same as those given for the Singapore Office of that entity. The payment option offered through the aforesaid 'Pay now' link, connects to Credit Card or PayPal payment option for MMF Infotech Technologies.

- d. The domain registration details of MMF Solutions' Singapore office website viz. <http://www.mmfsolutions.sg/> (as searched through <https://www.sgnic.sg/faq/domain-registration#t8n20> leading to <https://www.whois.net/>) reveals that the registrant of the said website is Shri Priyansh Patodi having email address as priyansh@mmfinfotech.com.

- 4.4 In the light of the aforesaid observations, it is evident that the activities of MMF Solutions and its Proprietor, Shri Priyansh Patodi, of giving trading tips, stock specific recommendations, etc. to investors, on payment of fees as per the Pricing Plans, are in the nature of providing 'Investment Advisory Services', which *prima facie* falls under the definition of *Investment Adviser* as defined by Regulation 2(m) of the Investment Advisers Regulations. The aforesaid Regulation reads as under:

"Investment Adviser means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;"

- 4.5 Similarly, the activities of MMF Solutions and its Proprietor, Shri Priyansh Patodi, of broadcasting daily SMS containing equity tips and market updates, issuance of weekly reports to the investors, etc. are in the nature of providing 'Research Analyst Services', which *prima facie* falls under the definition of *Research Analyst* as defined by Regulation 2(u) of the Research Analysts Regulations. The aforesaid Regulations reads as under:

"Research Analyst means a person who is primarily responsible for, -

- i. preparation or publication of the content of the research report; or*
- ii. providing research report; or*
- iii. making 'buy/sell/hold' recommendation; or*
- iv. giving price target; or*
- iv. offering an opinion concerning public offer,*

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis. Explanation.-The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above.”

- 4.6 Further, the activities of MMF Solutions and its Proprietor, Shri Priyansh Patodi, of offering 'Portfolio Management Services' *prima facie* falls under the definition of *Portfolio Manager* as defined by Regulation 2(cb) of the Portfolio Managers Regulations. The aforesaid Regulation reads as under:

“Portfolio Manager means any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the clients, as the case may be.”

- 4.7 As per the extant legal provisions, any entity carrying out the activities of a market intermediary should be registered with SEBI and conducts its activities as per the provisions of Section 12(1) the SEBI Act, which reads as under:

“No stock-broker, sub- broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

- 4.8 As per Regulation 3(1) of the Investment Advisers Regulations, the registration of the *Investment Adviser* is mandatory. The aforesaid Regulation is reproduced below –

“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under Sub-regulation (2) within the said period of six months, till the disposal of such application.”

- 4.9 Similarly, as per Regulation 3(1) of the Research Analysts Regulations, the registration of the *Research Analyst* is mandatory. The aforesaid Regulation is reproduced below –

“On and from the commencement of these regulations, no person shall act as a research analyst or hold itself out as an research analyst unless he has obtained a certificate of registration from the Board under these regulations:

Provided that a person acting as an research analyst immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under Sub-regulation (2) within the said period of six months, till the disposal of such application.”

- 4.10 Regulation 3 of Portfolio Managers Regulations, also provides that, “No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations.”
- 4.11 It is noted that in its letter dated January 1, 2015, MMF Solutions admitted that it was “in the process to complete the application for Grant of Certificate of Registration as Investment Advisor with SEBI and soon ... will be submitting the Application Form with all the required documents with SEBI.”
- 4.12 Upon a consideration of the aforementioned paragraphs, I, therefore, *prima facie* find that MMF Solutions has been acting as an *Investment Adviser, Portfolio Manager and Research Analyst* without obtaining registration from SEBI to act as such and, thereby, has violated Section 12(1) of the SEBI Act, 1992 read with the provisions of Regulation 3(1) of the Investment Advisers Regulations, Regulation 3 of the Portfolio Managers Regulations and Regulation 3(1) of the Research Analysts Regulations.
5. The Investment Advisers Regulations *inter alia* provide the framework for regulating the activity of entities that are in the business of providing investment advice in respect of securities and investment products. The Portfolio Managers Regulations *inter alia* provide the framework for regulating the activity of entities that are in the business of management or administration of a portfolio of securities or funds. Similarly, the Research Analysts Regulations *inter alia* provide the framework for regulating the activity of entities that are in the business of providing research reports, etc. in respect of securities and investment products. The aforesaid Regulations seek to create a standardized operating structure within which entities offering such services will operate and also make them duly

accountable for their investment advices, portfolio management and research analyst activities by requiring them to comply with the criteria, set out in the relevant provisions of the aforesaid Regulations such as having the prescribed professional qualifications, certifications from competent authorities, conforming to *fit and proper* criteria, satisfying capital adequacy requirement, adequate infrastructure facilities, etc. In view of this, subjecting such intermediaries to the statutory requirement of registration with SEBI is imperative for the protection of interests of investors and to safeguard the integrity of securities market.

6. In the instant case, MMF Solutions and its Proprietor, Shri Priyansh Patodi, have *prima facie* acted as *Investment Adviser*, *Portfolio Manager* and *Research Analyst* without obtaining registration from SEBI. It is pertinent to note that MMF Solutions and its Proprietor, Shri Priyansh Patodi, have not responded adequately to any communication from SEBI regarding information pertaining to its aforesaid activities despite sufficient opportunities being provided to them. Several complaints have also been received against MMF Solutions and its Proprietor, Shri Priyansh Patodi, alleging that the said entities failed to provide the promised services and returns on investment and failed to refund the investment made by their investors/clients. Further, the website of MMF Solutions is at present operational, which clearly indicates that the entity alongwith its Proprietor, Shri Priyansh Patodi, continue to offer '*Investment Advisory Services*', '*Portfolio Management Services*' and '*Research Analyst Services*' to susceptible investors despite not being registered with SEBI either under the Investment Advisers Regulations, the Portfolio Managers Regulations or the Research Analysts Regulations. In light of the same, it is apprehended that investors at large could be misled and the moneys invested by the investors are at risk on account of such unauthorized activities by the unregistered *Investment Adviser*, *Portfolio Manager* and *Research Analyst* i.e. MMF Solutions and its Proprietor, Shri Priyansh Patodi.
7. SEBI has been entrusted with the duty to protect the interests of investors and protect the integrity of the securities market. Considering the facts and circumstances of the present matter and on the basis of *prima facie* findings, it is necessary to intervene in this matter to take immediate steps to prevent MMF Solutions and its Proprietor, Shri Priyansh Patodi, from engaging further investors/clients. This is also a case where effective and expeditious action is required to be taken to prevent any possible harm to investors caused by the unauthorized activities of MMF Solutions and its Proprietor, Shri Priyansh Patodi.

8. In view of the above, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11(1), 11(4), 11B and 11D of the SEBI Act read with the Investment Advisers Regulations, the Portfolio Managers Regulations and the Research Analysts Regulations, by way of this *Ad-Interim Ex-Parte Order*, hereby direct MMF Solutions and its Proprietor, Shri Priyansh Patodi (PAN: BBDPP5436J), to –
- i. Cease and desist from acting as an '*Investment Adviser*' and cease to solicit or undertake such activities or any other unregistered activities in the securities market directly or indirectly, in any manner whatsoever;
 - ii. Cease and desist from acting as a '*Research Analyst*' and cease to solicit or undertake such activities or any other unregistered activities in the securities market directly or indirectly, in any manner whatsoever;
 - iii. Cease and desist from acting as a '*Portfolio Manager*' and cease to solicit or undertake such activities or any other unregistered activities in the securities market directly or indirectly, in any manner whatsoever;
 - iv. Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to those schemes/activities (*Investment Adviser*, *Portfolio Manager* and *Research Analyst*) or any unregistered activity in the securities market;
 - v. Not to divert any funds raised from investors, kept in bank account(s) including in the Axis Bank Account Number 910020033227577 and/or in the custody of MMF Solutions or Shri Priyansh Patodi.
9. The above directions are without prejudice to the right of SEBI to take any other action that may be initiated against MMF Solutions and its Proprietor, Shri Priyansh Patodi, in accordance with law.
10. This Order shall be treated as a Show Cause Notice against MMF Solutions and its Proprietor, Shri Priyansh Patodi. The aforesaid entities may show cause as to why the activities identified in this Order should not be held as '*Investment Advisory Services*', '*Portfolio Management Services*' and '*Research Analyst Services*' in terms of the Investment Advisers Regulations, the Portfolio Managers Regulations and the Research Analysts Regulations and why appropriate directions, under Section 11(1), 11(4), 11B and 11D of the SEBI Act read with the Investment Advisers Regulations, the Portfolio Managers Regulations and the Research Analysts Regulations including directions, prohibiting them from buying,

selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and to refund the amount collected from the investors/clients/partners for the existing schemes of MMF Solutions, should not be issued against them.

11. MMF Solutions and its Proprietor, Shri Priyansh Patodi shall, within 21 days from the date of receipt of this Order, file their objections/reply, if any, to this Order. They may also indicate, in such reply, if they wish to avail an opportunity of personal hearing in the matter.
12. This Order shall come into force with immediate effect and the directions issued hereinabove shall continue till further Orders.

Place: Mumbai
Date: January 5, 2016

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA