



INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

ORDER

Order under Section 12(1) and 13(4) of the International Financial Services Centres Authority Act, 2019 read with Section 11B(1), 11B(2) and 12(3) of the Securities and Exchange Board of India Act, 1992 and Section 12A(2) of the Securities Contracts (Regulations) Act, 1956 read with Regulation 68(1) the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 read with Regulation 47(3) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025-in the matter of String AI IFSC Private Limited

In respect of:

**String AI IFSC Private Limited
(formerly known as King Blockhain Private Limited)
(IFSC/BD/2022-23/0003)**

A. BACKGROUND

1. String AI IFSC Private Limited (formerly known as King Blockhain Private Limited) (hereinafter refer to as "SAIPL/Noticee) was granted Certificate of Registration (IFSC/BD/2022-23/0003) on April 26, 2022 as Broker Dealer for carrying on the activities of buying, selling or dealing in securities and for carrying on such other activities as are permitted by the recognised stock exchange(s) in the International Financial Services Centre, subject to the conditions specified therefore, from time to time, by the International Financial Services Centres Authority ("IFSCA/Authority"). The change of name of the Noticee was certified on February 9, 2024.
2. The IFSCA conducted surprise onsite visit of the office premises of SAIPL on August 1, 2024 and August 6, 2024 and the office was found to be closed. In this regard, a warning letter dated August 14, 2024 was issued to the Noticee. The Noticee provided its response to the said letter on August 19, 2024. Further, India INX also conducted inspection of the Noticee and also sought various information/details from the Noticee. In this regard, India INX had issued warning letter dated October 8, 2024 to the Noticee for non-compliance with manpower requirements and delay in providing information/details to exchange.

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3. However, after repeated follow ups with the Noticee, India INX did not receive the requisite information/details. In this regard, IFSCA received a letter dated February 18, 2025 from India INX mentioning therein observations found by India INX from onsite visit of the Noticee and the submissions made by the Noticee. IFSCA vide letter dated March 4, 2025 forwarded the aforesaid observations of India INX alongwith copy of the aforesaid letter dated February 18, 2025 to the Noticee for providing comments on the observations reported by India INX to IFSCA. The Noticee provided its comments vide letter dated March 10, 2025.
4. On the basis of the observations in the aforesaid inspection and reply of the Noticee to the said observations, it is alleged that the Noticee has violated Rule 8(3)(f) of the Securities Contracts (Regulations) Rules, 1957 (hereinafter to as "SCRR") and Regulation 8(1)(b) and 24(2) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 (CMI Regulations, 2021) read with Regulation 47(3) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025 (CMI Regulations, 2025).

B. SHOW CAUSE NOTICE, REPLY AND OPPORTUNITY OF PERSONAL HEARING

5. On the basis of the observations noted from the onsite visit, letters issued to the Noticee and response of the Noticee to such observations and letters, a Show Cause Notice (hereinafter referred to "SCN") dated December 15, 2025 was issued to the Noticee to show cause as to why action under Section 12(1) and 13(4) of the International Financial Services Centres Authority Act, 2019, read with Section 11B(1), 11B(2) (read with section 15HB) and 12(3) of the Securities and Exchange Board of India Act, 1992 and Section 12A(2) (read with section 23H) of the Securities Contracts (Regulations) Act, 1956, read with regulation 47(3) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025 (CMI Regulations, 2025) should not be taken against it. The documents relied upon in the said SCN were also supplied alongwith the said SCN.
6. The Noticee filed its reply dated December 29, 2025. Thereafter, an opportunity of personal hearing was provided to the Noticee before the Quasi-Judicial Authority for Enforcement (hereinafter referred to QJAE) on January 15, 2026, wherein following authorised representatives appeared on behalf of the Noticee:
 - a) Mr. Mayur Jain, Authorised Representative
 - b) Mr. Venkateshwarlu Ambala, Compliance Officer

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7. In the aforesaid hearing, the authorized representatives of the Noticee made submissions *inter alia* in line with the reply dated December 29, 2025.

C. CONSIDERATION AND FINDINGS

8. The QJAE has perused the SCN and submissions of the Noticee to each allegation mentioned in the SCN. In the SCN dated December 15, 2025, three allegations have been made and the same have been dealt with separately in the succeeding paragraphs. The three allegations are:

- (i) Allegation No. 1: Lack of adequate infrastructure at GIFT IFSC
- (ii) Allegation No. 2: Noticee is carrying out additional business other than that of Securities or commodity derivatives
- (iii) Allegation No. 3: Noticee failed to provide necessary documents and clarifications despite continuous follow-up by India INX

Allegation No. 1: Lack of adequate infrastructure at GIFT IFSC

9. The SCN alleges that the Noticee has violated Regulation 8(1) of the CMI Regulations, 2021 r/w Regulation 47(3) of the CMI Regulations, 2025 as it lacks necessary infrastructure at GIFT IFSC. In this regard, the SCN *inter alia* mentions following facts:

- 9.1 In surprise on-site visits on 01.08.2024 and 06.08.2024, the office of the Noticee was found to be closed.
- 9.2 India INX has observed that during onsite visit of the Noticee's office in GIFT IFSC only the Compliance Officer was available with no other relevant personnel or adequate infrastructure.
- 9.3 Further, IP addresses 183.82.116.135 and 60.243.174.89 of all trades done by SAIPL shows location from outside GIFT IFSC.

Reply of the Noticee to the Allegation No. 1

- 10. In respect of Allegation No. 1, the Noticee has *inter alia* submitted as under:
 - 10.1 The office was indeed closed on two dates during surprise visits of IFSCA. However, isolated incidents occurring on only two specific dates do not reflect any systematic or habitual closure pattern.
 - 10.2 The Noticee has adequate office space along with electricity and internet connection and also has permanent staff at its GIFT City office.

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- 10.3 As regards presence of only compliance officer, it is mere coincidence that the other staff was not available during visit of India INX officials. The other staff was either on leave or were on offsite visit.
- 10.4 As regards IP addresses showing that all trades done by SAIPL were located outside GIFT IFSC, remote system administration and maintenance are not prohibited by IFSCA and no guidelines have been issued prohibiting remote access for legitimate technical purposes.

Observation of QJAE on Allegation No. 1

11. In its visit, IndiaINX found that only compliance officer was present and no other employee was present. In this regard, the QJAE notes that the Noticee had only one employee in 2022, two employees in 2023 and the third employees joined in October, 2024 as per its own submission. Though the Noticee has not onboarded any client and has only carried out activities of Data and IT enable services, it is maintaining bare minimum staff. However, the other aspects of infrastructure has also to be examined.
12. In its response to closure of office on two occasions, the Noticee had replied that “*office will be open as and when necessary*”. This gives an inference that the Noticee did not have operational office on regular basis before the said visit and the Noticee assured opening of office only after the said visit.
13. Though there is no bar on placing trade orders from location outside of GIFT IFSC, when the Noticee had taken registration from IFSCA and was required to operate its business in IFSC, the Noticee was legally obliged that its activities should have been carried out from GIFT IFSC. The Noticee had placed order for all the trades from a location outside of GIFT IFSC which shows that the Noticee did not have sufficient equipment or infrastructure even to place trade orders from GIFT IFSC.
14. From the submission of the Noticee, it is observed that the Noticee only focused on its Data and IT enabled services and has already applied for surrendering its membership in both the stock exchanges in October, 2024. Though the Noticee has submitted that it has physical space, equipment and communication facilities, it has failed to show as to what specific software or hardware or infrastructure it is maintaining for the purpose of carrying out broker dealer business.



15. Regulation 8(1)(b) of the CMI Regulations, 2021 specifies necessary infrastructure as one of the requirements for granting registration to a capital market intermediary. Considering the above facts, the QJAE is of the opinion that the Noticee is not maintaining necessary infrastructure to carry out broker dealer activities and is only maintaining physical space for paper compliance. Therefore, the QJAE finds the Noticee non-compliant with Regulation 8(1) of the CMI Regulations, 2021 read with Regulation 47(3) of CMI Regulations, 2025.

Allegation No. 2: Noticee is carrying out additional business other than that of Securities or commodity derivatives

16. The SCN alleges that the Noticee has violated Rule 8(3)(f) of the SCRR at it was carrying out additional business other than that of securities or commodity derivatives *inter alia* on following basis:

16.1 The audited financials for FY 2022-23 and FY 2023-24 of SAIPL shows revenue of ₹ 11.35 Crores and ₹ 36.63 Crores respectively, under “Data and IT Enabled Services”.

16.2 In its response dated March 10, 2025, the Noticee confirmed that the revenue booked under “Data and IT enable services” pertains to technology-driven solutions.

Reply of the Noticee on Allegation No. 2

17. In respect of Allegation No. 2, the Noticee has *inter alia* submitted as under:

17.1 The Noticee was first incorporated in GIFT SEZ specifically to undertake IT and IT-enable services exports and broker-dealer registration was an addition to the said business.

17.2 The Noticee had received eligibility certificate from IFSCA to provide all the services mentioned in the Letter of Approval No. KASEZ/DCO/GIFT/SEZ/II/94/2021-22 issued by the office of Development Commissioner, GIFT SEZ.

17.3 The Noticee has already stopped the IT business since August, 2024.

17.4 The Data and IT-enables services are functionally aligned with and supportive of securities and capital market ecosystem.

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- 17.5 Rule 8(3)(f) of SCRR explicitly permits engagement in other business “as a broker or agent not involving any personal financial liability” and Noticee’s IT business meets all these criteria.
- 17.6 The IT revenue and broker dealer related business have separate tracking. Since there is no client registered with the Noticee, there is no question about misuse of client fund.
- 17.7 The Noticee did not hide its business from regulator. There is absence of investor harm or any market detriment.
- 17.8 Regulatory authorities and courts have consistently maintained that rule 8(3)(f) is intended to prevent diversion of clients funds and compromised judgment arising from conflicts of interest.

Observation of QJAE on Allegation No. 2

18. The allegation no. 2 pertains to violation of Rule 8(3)(f) of the SCRR which reads as under:
“(3)No person who is a member at the time of application for recognition or subsequently admitted as a member shall continue as such if:
(f) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability, provided that—
(i)the governing body may, for reasons, to be recorded in writing, permit a member to engage himself as principal or employee in any such business, if the member in question ceases to carry on business on the stock exchange either as an individual or as a partner in a firm,
(ii)in the case of those members who were under the rules in force at the time of such application permitted to engage in any such business and were actually so engaged on the date of such application, a period of three years from the date of the grant of recognition shall be allowed for severing their connection with any such business.....”
19. From the plain reading of the aforesaid provision, a member of stock exchange is prohibited from engaging either as principal or employee in any business other than that of securities or commodity derivatives. The exception to the said prohibition is that the member of stock exchange may act as broker or agent not involving any personal financial liability. Further, sub-clause(i) of

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Rule 8(3)(f) allows a member of stock exchange to engage himself as principal or employee in any such business, if the member in question ceases to carry on the business on the stock exchange.

20. Considering the aforesaid provision, being a member of stock exchange, the Noticee was not allowed to carry out a business other than that of securities or commodity derivatives and if it desired to carry out such a business it was required to take permission from the stock exchange.
21. In the matter at hand, the Noticee did not take any such permission from the stock exchange. Further, the Noticee has *inter alia* contended that the Data and IT-enables services are functionally aligned with and supportive of securities and capital market ecosystem and Rule 8(3)(f) of SCRR explicitly permits engagement in other business “*as a broker or agent not involving any personal financial liability*” and Noticee’s IT business meets all these criteria. The said argument does not hold water. The QJAE notes that the Noticee is predominantly engaged as principal in Data and IT services and is not acting as a broker or agent. In its financial results, the Noticee has categorically mentioned Data and IT services as only sources of revenue. The list of Data and IT services as mentioned in Noticee’s reply has no relationship with the broking activities. Furthermore, the Noticee has not onboarded a single client as per its own admission.
22. Therefore, the Data and IT services is the primary business of the Noticee and no activity pertaining to broker dealer has been carried out except some trades which also took place from a location outside GIFT IFSC.
23. The Noticee has also contended that Rule 8(3)(f) is intended to prevent diversion of client’s funds and compromised judgment arising from conflicts of interest and that recently the said rule has been amended to allow a broker to invest in non-securities group companies. The said argument cannot come to the rescue of the Noticee as the said exception is only applicable if the member of stock exchange is acting as a broker or agent. However, in the instant matter the Noticee is predominantly involved in the business of Data and IT services and that too without taking permission from the stock exchange as required under sub-clause (i) of Rule 8(3)(f) of SCRR.
24. Further, the Noticee has also referred to the Letter of Approval granted by office of Development Commissioner, GIFT SEZ and has stated that it has received an eligible certificate from IFSCA to carry out all the services. The said statement is blatantly misconceived as the Certificate of Registration provided by IFSCA allowed the Noticee only to carry out business of broker dealer and not to carry out Data and IT enables services. Further, the Letter of Approval

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referred by the Noticee is an approval of carrying a business in GIFT SEZ granted by office of Development Commissioner, GIFT SEZ and is not an approval granted by IFSCA. Further, being a broker dealer the Noticee is require to comply with legal requirements envisaged in Rule 8(3)(f) of SCRR which prohibited the Noticee from carrying out any business other than that of securities or commodity derivative. The said Letter of Approval does not allow the Noticee to circumvent the said legal requirement.

25. Considering the aforesaid, the QJAE conclusively holds that the Noticee has violated Rule 8(3)(f) of the SCRR as it was carrying out business of Data and IT services which is not a business of securities or commodity derivatives.

Allegation No. 3: Noticee failed to provide necessary documents and clarifications despite continuous follow up by India INX

26. The SCN alleges that the Noticee has violated Regulation 24(2) of the CMI Regulations, 2021 read with Regulation 47(3) of the CMI Regulations, 2025 *inter alia* on the basis of following facts:
- 26.1 India INX sought detailed write up regarding the Data & IT Services from the Noticee alongwith details regarding the registration certificate obtained from IFSCA to provide such Data & IT services. However, even after multiple reminders, the Noticee did not provide the said information.
- 26.2 The Clause 2(h) of Chapter VI of the India International Exchange (IFSC) Limited Byelaws (India INX bye laws) states that, *“Trading members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Exchange into or with regard to any trades, dealings, their settlement, accounting and/or other related matters.”*
- 26.3 Since the Noticee has been non-cooperative in providing detailed information sought by India INX regarding revenue booked in Data & IT Services, the Noticee has not complied with the Clause 2(h) of Chapter VI of India INX bye laws.

Reply of the Noticee on the Allegation No. 3

27. In respect of the Allegation No. 3, the Noticee has *inter alia* made following submissions:
- 27.1 The Noticee admits procedural delay on responding to selective queries and has fully remedied it. However, the characterization as a serious regulatory breach is misplaced.

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27.2 With regard to email dated November 25, 2024, the Noticee provided the response on November 26, 2024 itself. The Noticee has enclosed copy of email and attachment with its reply.

Observation of OJAE on the Allegation No. 3

28. The allegation no. 3 relates to violation of Regulation 24(2) of the CMI Regulations, 2021 which reads as under:

“A broker dealer shall ensure compliance with the applicable laws, including bye-laws, rules and regulations specified by the recognised stock exchange.”

29. The Clause 2(h) of Chapter VI of the India International Exchange (IFSC) Limited Byelaws (India INX bye laws) required the Noticee to cooperate with exchange and provide such information as sought by the exchange. India INX had sought information regarding a detailed write up on the Data & IT Services from the Noticee alongwith details regarding the registration certificate obtained from IFSCA to provide such Data & IT services. In this regard, the Noticee has claimed that it had provided such information vide its response dated November 26, 2024. In its response dated November 26, 2024 enclosed by the Noticee with its reply, in respect of such detailed write up, the Noticee had stated as under:

“Our services primarily encompass IT and IT-enable solutions, including software development, data analytics, and support for blockchain-related applications. These services are aligned with the core objectives of facilitating technology-driven operations within the GIFT SEZ framework.”

30. India INX had sought a detailed write up on the Data and IT services provided by the Noticee and mere writing of the aforesaid para in its response does not qualify as providing a detailed write up. Since such detailed write up on Data and IT services was not provided by the Noticee even after multiple reminders, the Noticee has failed to comply with Clause 2(h) of Chapter VI of the aforesaid India INX byelaws.

31. Therefore, by not complying with India INX’s byelaws as explained above, the Noticee has violated Regulation 24(2) of the CMI Regulations, 2021 read with Regulation 47(3) of the CMI Regulations, 2025.

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D. ANALYSIS OF FINDINGS AND PROPORTIONATE ACTION

32. After analysis of the allegations, documents available on record and submissions made by the Noticee, the QJAE concludes that:

32.1 The Noticee has violated Rule 8(3)(f) of the SCRR as it carried out business of Data and IT enabled services which is not a business of securities or commodity derivatives.

32.2 The Noticee has not complied with the requirement of Regulation 8(1)(b) of the CMI Regulations, 2021 (currently Regulation 11(1)(b) of the CMI Regulations, 2025) read with Regulation 47(3) of the CMI Regulations, 2025 as it does not have necessary infrastructure to carry out business of broker dealer for which it was granted registration.

32.3 The Noticee has violated Regulation 24(2) of the CMI Regulations, 2021 (currently Regulation 26(1) of the CMI Regulations, 2025) as the Noticee violated Clause 2(h) of Chapter VI India INX bye laws by not providing information as sought by India INX.

33. The QJAE notes that the Noticee was provided registration for carrying out activities as a registered *Broker Dealer for carrying on the activities of buying, selling or dealing in securities and for carrying on such other activities as are permitted by the recognised stock exchange(s) in the International Financial Services Centre, subject to the conditions specified therefore, from time to time, by the International Financial Services Centres Authority ("IFSCA/Authority")*. Instead of the same, the Noticee has engaged as principal in Data and IT enabled services thereby breaching the aforesaid condition of Certificate of Registration which was granted to the Noticee. Further, being a broker, the Noticee also failed to comply with legal requirements envisaged under Rule 8(3)(f) of the SCRR by engaging as principal in Data and IT enable services which is the only source of revenue for the Noticee. By virtue of the same, Rule 8(3)(f) of the SCRR disqualifies the Noticee from continuing as a member of stock exchange. Further, the Noticee has also submitted that it has already applied for surrender of its membership in both the stock exchanges in October, 2024.

34. Considering the aforesaid findings and observations, the QJAE finds it fit to cancel the Certificate of Registration of the Noticee.

E. ORDER

35. In view of the aforesaid findings and having regard to the facts and circumstances of the case, the QJAE, in exercise of the powers conferred under Section 12(1) and 13(4) of the International



Order in the matter of String AI IFSC Private Limited



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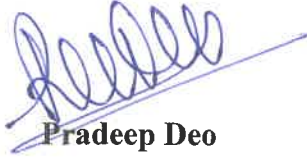
Financial Services Centres Authority Act, 2019 read with Section 12(3) of the SEBI Act, 1992 read with Regulation 68(1) the CMI Regulations, 2021 read with Regulation 47(3) of the CMI Regulations, 2025, cancels the CoR No. IFSC/BD/2022-23/0003 dated April 26, 2022 granted to the Noticee.

36. The SCN dated December 15, 2025 issued to the Noticee stands disposed.

37. This order shall come into force with immediate effect.



Gyan Chand Jain
Member
QJAE



Pradeep Deo
Member
QJAE



K Mahipal Reddy
Member
QJAE

Place: Gandhinagar

Date: 06/04/2026

