भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Vijayant Kumar Verma
General Manager & Adjudicating Officer

By SPAD / Email

SEBI/HO/EAD9/EAD/VKV/AK/25081/2021
Date: September 21, 2021

Shiv Kripa Commodeal Pvt Ltd
(PAN: AARCS0087R)
10 Saha Lane Saraswati Bhawan
Kolkata, West Bengal, India-700007

Subject: Show Cause Notice under rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of dealings in ill-liquid Stock Options at BSE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") has initiated adjudication proceedings in respect of **Shiv Kripa Commodeal Pvt Ltd (hereinafter referred to as "Noticee"/ "you") bearing PAN: AARCS0087R** for carrying out non-genuine trades in illiquid stock options at Bombay Stock Exchange (hereinafter referred to as **"BSE"**), thereby, allegedly violating regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

2. In this regard, SEBI, after being satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged violations as mentioned above *inter-alia* in respect of the Noticee, appointed the undersigned as Adjudicating Officer under section 19 read with section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter, referred to as "**Adjudication Rules**") to conduct adjudication proceedings in the manner specified under rule 4 of Adjudication Rules, 1995 read with section 15-I (1) and

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 26449000 / 40459000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in

(2) of SEBI Act, and if satisfied that the Noticee has become liable to penalty, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules, 1995 and section 15HA of SEBI Act. A copy of communique dated July 27, 2021, conveying the appointment of Adjudicating Officer is enclosed as **Annexure A**.

3. SEBI observed large scale reversal of trades in Stock Options segment of BSE leading to creation of artificial volume. SEBI conducted an investigation into the trading activities of certain entities in illiquid Stock Options at BSE (hereinafter, referred to as "**Investigation**") for the period 01/04/2014 to 30/09/2015 (hereinafter referred to as **"Investigation Period" or "I.P."**).

4. Reversal trades are considered non genuine trades if they involve an entity reversing its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. Artificial volume is considered as the volume (no. of units) reversed in non-genuine trades, comprising both original volume and reversed volume while keeping out the volume which is not reversed.

5. Pursuant to investigation, it was observed that during the I.P., total 2,91,643 trades comprising substantial 81.38% of all the trades executed in Stock Options Segment of BSE were non genuine trades. The aforesaid non genuine trades resulted into creation of artificial volume to the tune of 826.21 crore units or 54.68% of the total market volume in Stock Options segment of BSE during the I.P.

6. It is noted that said non genuine trades were not restricted to any specific contract or between any specific set of entities. It is noted that Noticee was one of the various entities who indulged in execution of non-genuine trades in Stock Options Segment of BSE during the I.P. Following points deal with the dealings of the Noticee during I.P. and allegations against the Noticee for execution of non-genuine trades.

7. Non genuine trades and artificial volume are illustrated through the dealings of the Noticee in the contract *viz*, "HPCL15MAR620.00PE" during the I.P., mentioned as follows:

   a. Total 4 trades for 134000 units were executed in the said contract wherein Noticee was party to all the said 4 trades.

   b. While dealing in the said contract on 17/03/2015, Noticee entered into sell trade with counter party *viz*, Rakesh Kumar Gupta (HUF) and Sandip Das for 33500 units each (total: 67000 units), respectively. Thereafter, on the same day, the Noticee entered into buy trade with same counterparty *viz*, Rakesh Kumar Gupta (HUF) and Sandip Das respectively for 33500 units each (total: 67000 units) respectively. The details of the aforesaid trades mentioned are given below:

Client Name(buyer)	Client Name (seller)	Trade Time(Hrs)	Trade Rate(Rs)	Traded Quantity
Rakesh Kumar Gupta (Huf)	Shiv Kripa Commodeal Pvt Ltd	13:46:31.21	1.0	33500
Shiv Kripa Commodeal Pvt Ltd	Sandip Das	13:46:35.18	7.0	33500
Sandip Das	Shiv Kripa Commodeal Pvt Ltd	13:46:31.21	1.0	33500
Shiv Kripa Commodeal Pvt Ltd	Rakesh Kumar Gupta (Huf)	13:46:35.11	7.0	33500

   c. From the above, it is noted that while dealing in the said contract during the I.P., Noticee executed total 4 reversal trades (2 sell trade + 2 buy trade) with counterparties *viz*, Rakesh Kumar Gupta (HUF) and Sandip Das within five seconds of the same day.

   d. Thus, Noticee, through dealing in the contract *viz*, "HPCL15MAR620.00PE" during the I.P., executed 4 non genuine trades which is 10.53% of the total trades from the market in the said contract during the I.P., and thereby, the Noticee generated artificial volume of 134000 units which is 5.09% of the volume traded in the said contract from the market during the I.P.

8. As regard to all the dealings of Noticee in the Stock Options segment of BSE during the I.P., it is noted that the Noticee has allegedly executed 4 non genuine trades in 1 Stock Options contracts which resulted in artificial volume of total 134,000 units.

9. Details of all the non-genuine trades of Noticee in Stock Option Segment of BSE during I.P. are enclosed as **Annexure B**. An analysis of dealings of the Noticee in 1 Stock Options contract in which the said Noticee allegedly executed reversal trades during the I.P. is given in **Annexure C**.

10. Summary of dealings of the Noticee in a Stock Option contract, in which the Noticee allegedly executed non genuine trades during the I.P., is as follows:

S. No.	Contract Name	Avg. Buy Rate (Rs)	Total Buy Volume (No. of units)	Avg. Sell Rate (Rs)	Total Sell Volume (No. of units)	No. of alleged non genuine trades of Noticee in the Contract	Alleged Artificial volume generated by Noticee in the Contract (No. of Units)	% of Non Genuine trades of Noticee in the contract to Noticee's Total trades in the Contract	% of Non Genuine trades of Noticee in the contract to Total trades in the Contract	% of Artificial Volume generated by Noticee in the contract to Noticee's Total Volume in the Contract	% of Artificial Volume generated by Noticee in the contract to Total Volume in the Contract
1	HPCL15MAR620.00PE	7	67000	1	67000	4	134000	100	10.53	100	5.09

11. From the above table, following is noted as regard to dealings of the Noticee:
    a) Substantial 100% trades executed by the Noticee in above contracts were non genuine trades.
    b) No. of non-genuine trades of the Noticee was significantly high i.e. 100% of total trades executed by the Noticee in the above contracts. Moreover, the said non genuine trade executed by the Noticee contributed 10.53% of the total trades that have taken place in the above contracts.

c) Substantial 100% of the volume generated by the Noticee in each of the above contracts, was artificial volume. Further, said artificial volume generated by Noticee also contributed 5.09% of the total volume from the market in above contracts.

d) Alleged non genuine trades executed by the Noticee had significant differential in sell rates and buy rates considering that the trades were reversed on same day.

12. In view of the foregoing, it is alleged that the Noticee indulged in execution of reversal of trades in Stock Options with same entities on the same day. Such trades are non-genuine in nature and have created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore are alleged to be manipulative and deceptive in nature. In view of the same, it is alleged that the Noticee has violated regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003. The text of the aforementioned provisions read as follows:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

1) Without prejudice to the provisions of regulation 3, no person shall indulge in a [1]*[manipulative,] fraudulent or an unfair trade practice in securities* [2][markets].

[3]*[Explanation.–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]*

(2) Dealing in securities shall be deemed to be a [manipulative] [4] *fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*

(a) [knowingly][5] *indulging in an act which creates false or misleading appearance of trading in the securities market;*

13. The aforesaid alleged non-compliance, if proved, makes the Noticee liable for penalty under section 15HA of the SEBI Act. The text of the said provision is reproduced below:

SEBI Act 1992

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh

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[1] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 01, 2019.
[2] Ibid.
[3] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Second Amendment) Regulations, 2020 w.e.f. October19, 2020.
[4] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Second Amendment) Regulations, 2020 w.e.f. October19, 2020.
[5] Inserted vide Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 01, 2019.

rupees but which may extend to twenty - five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

14. In view of the above, you are called upon to show cause as to why an inquiry should not be held against you in terms of rule 4 of the Adjudication Rules, 1995 read with section 15-I of the SEBI Act and why penalty, if any, should not be imposed on you under the provisions of section 15HA of the SEBI Act.

15. Your reply, if any, should reach the undersigned or through email at vijayantkv@sebi.gov.in and aloks@sebi.gov.in in 14 days from the date of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of sub-rule (7) of rule (4) of the Adjudication Rules, 1995. You may also indicate that whether you desire to have a personal hearing in the matter.

16. Further, you are required to keep the undersigned informed about the change in your correspondence address, if any, till the conclusion of the proceedings. You are also required to submit a photocopy of your PAN card and contact details *viz.* Telephone numbers / Fax numbers / e-mail IDs and details of contact persons for records.

V.K.Verma

Vijayant Kumar Verma

ADJUDICATING OFFICER

Enclosure(s):

Annexure	Copy of relevant documents enclosed with this SCN
A	Communique dated July 27, 2021 appointing Adjudicating Officer
B	Integrated trade log of all non-genuine trades of Noticee in Stock Option segment of BSE during I.P. i.e, 01/04/2014 to 30/09/2015
C	Summary of dealings of Noticee in 1 Stock Options contracts in which Noticee allegedly executed reversal trades during the I.P.

Annexure 'A'

SECURITIES AND EXCHANGE BOARD OF INDIA

Communication of the Order appointing Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (SEBI) has examined trading in the scrip of Illiquid Stock Options at BSE for possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **'SEBI Act'**) and various rules and regulations made there under.

2. Whereas, the Competent Authority is *prima facie* of the view that there are grounds to adjudicate upon the alleged violations of Regulations 3 (a), (b), (c), (d), and Regulations 4 (1), 4 (2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, by the entities mentioned at **Annexure A.**

3. The Competent Authority has, therefore, In exercise of the powers conferred upon her under Section 19 of the SEBI Act, 1992 ("SEBI Act") read with Section 15-I(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the 'SEBI Rules') read with Section 19 of the SEBI Act appointed **Shri Suresh B. Menon, Chief General Manager, Shri G. Ramar, Chief General Manager, Ms. Manlnder Cheema, Chief General Manager, Shri Prasanta Mahapatra, Chief General Manager, Shri Vljayant Kumar Verma, General Manager and Ms. Soma Majumder, General Manager** as Adjudicating Officers vide Order dated June 21, 2021 to enquire into and adjudge under Sections 15HA SEBI Act, 1992 for alleged violations by the Noticees as mentioned at Para 2 above. The list of the entities against whom adjudication is approved and the names of the Adjudicating Officers who are appointed to adjudicate against respective entities are listed in Annexure A.

4. The said proceedings of appointment are hereby communicated to **the Adjudicating Officers** who shall conduct the Adjudication Proceedings in the manner specified under Rule 4 of the of the SEBI Rules read with sub-section (1) and (2) of Section 15 I of SEBI Act. The Adjudicating Officers shall enquire into and adjudicate upon the alleged violation as stated above and if the Adjudicating Officers are satisfied that the entities have become liable to penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15 HA of the SEBI Act.

Dated at Mumbai, this 27th day of **July 2021.**

ROBIN JOSEPH BABY
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure 'B'

sno	98121	98122	98125	98127
TRADE_DATE	17/03/2015	17/03/2015	17/03/2015	17/03/2015
SCRIPCODE	837801	837801	837801	837801
clnt_pan	AAGHR3611C	AARCS0087R	ADIPD4201D	AARCS0087R
clnt_name	RAKESH KUMAR GUPTA (HUF)	SHIV KRIPA COMMODEAL PVT LTD	SANDIP DAS	SHIV KRIPA COMMODEAL PVT LTD
cp_pan	AARCS0087R	ADIPD4201D	AARCS0087R	AAGHR3611C
cp_name	SHIV KRIPA COMMODEAL PVT LTD	SANDIP DAS	SHIV KRIPA COMMODEAL PVT LTD	RAKESH KUMAR GUPTA (HUF)
ORDER_NO	1426580191176000001	1426580191176000004	1426580191176000000	1426580191176000004
CP_ORDER_NO	1426580191176000002	1426580191176000005	1426580191176000002	1426580191176000003
TRADEID	15806	16513	18270	18897
ORDER_TIME	13:46:31.176547	13:46:35.110778	13:46:31.176521	13:46:35.110778
CP_ORDER_TIME	13:46:31.210550	13:46:35.176762	13:46:31.210550	13:46:35.076769
TRADE_TIME	13:46:31.210550	13:46:35.176762	13:46:31.210550	13:46:35.110778
ORDER_LMTIME	13:46:31.176547	13:46:35.110778	13:46:31.176521	13:46:35.110778
CP_ORDER_LMTIME	13:46:31.210550	13:46:35.176762	13:46:31.210550	13:46:35.076769
TRADE_RATE	1	7	1	7
LTP_RATE	-7.5	6.0	-6.0	4.0
LTP_PERCENT	-88.24	600.0	-85.71	133.33
TRADE_VALUE	20803500.0	21004500.0	20803500.0	21004500.0
ORDER_RATE	1.0	7.0	1.0	7.0
CP_ORDER_RATE	1.0	7.0	1.0	7.0
ORDER_LMRATE	1.0	7.0	1.0	7.0
CP_ORDER_LMRATE	1.0	7.0	1.0	7.0
ORDER_LTP	41500.0	7.0	41500.0	7.0
CP_ORDER_LTP	1.0	7.0	1.0	1.0
TRADED_QTY	33500	33500	33500	33500
ORDER_QTY	33500	67000	33500	67000
CP_ORDER_QTY	67000	33500	67000	33500
ORDER_AVLQTY	33500	67000	33500	67000
CP_ORDER_AVLQTY	67000	33500	67000	33500
ORDER_LMQTY	33500	67000	33500	67000
CP_ORDER_LMQTY	67000	33500	67000	33500
MEMBER_NO	6551	6566	4036	6566
MEMBER_NAME	GIRIRAJ STOCK BROKING PVT. LTD.	KAYAN SECURITIES PVT. LTD.	GEOMETRY VANIJYA PVT. LTD.	KAYAN SECURITIES PVT. LTD.
OLD_CLIENT				
MODIFIED_CLIENT	R223	MA406	GVP1640	MA406
CP_MEMBER_NO	6566	4036	6566	6551
CP_MEMBER_NAME	KAYAN SECURITIES PVT. LTD.	GEOMETRY VANIJYA PVT. LTD.	KAYAN SECURITIES PVT. LTD.	GIRIRAJ STOCK BROKING PVT. LTD.
CP_OLD_CLIENT				
CP_MODIFIED_CLIENT	MA406	GVP1640	MA406	R223
TERMINALID	902	902	902	902
USER_NAME	Vinay Jajodia	ASHOK KUMAR KAYAN	GOVIND GOENKA	ASHOK KUMAR KAYAN
LOCATION_ADDRESS	190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001	11, CLIVE ROW KOLKATA WEST BENGAL 700001	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001
CP_TEMINALID	902	902	902	902
CP_USER_NAME	ASHOK KUMAR KAYAN	GOVIND GOENKA	ASHOK KUMAR KAYAN	Vinay Jajodia
CP_LOCATION_ADDRESS	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001	11, CLIVE ROW KOLKATA WEST BENGAL 700001	1 R N MUKHRJEE ROAD, MARTIN BURN BUILDING KOLKATA WEST BENGAL 700001	190, JAMUNA LAL BAJAJ STREET KOLKATA WEST BENGAL 700007
ORDER_AUD	A	A	A	A
CP_ORDER_AUD	A	A	A	A
ORDER_TYPE	L	L	L	L
CP_ORDER_TYPE	L	L	L	L
LOCATIONID	7000070001001012	7000010001002012	7000010001001012	7000010001002012
CP_LOCATIONID	7000010001002012	7000010001001012	7000010001002012	7000070001001012
SCRIPNAME	HPCL15MAR620.00PE	HPCL15MAR620.00PE	HPCL15MAR620.00PE	HPCL15MAR620.00PE
EXPIRY	2015-03-26	2015-03-26	2015-03-26	2015-03-26
STRIKEPRICE	62000.0	62000.0	62000.0	62000.0
SERIES	EQD	EQD	EQD	EQD
MKT_TYPE	N	N	N	N
ISIN_NO				
rqty	33500	33500	33500	33500

Annexure 'C'

Index	0
clnt_pan	AARCS0087R
scripname	HPCL15MAR620.00PE
buy_quantity	67000
buy_value	469000
avg_buy_rate	7
sell_qty	67000
sell_value	67000
avg_sell_rate	1
non_gen_trnx_entity_contrct	4
total_trd_entity_contrct	4
total_no_of_trades_of_the_cntrct	38
art_vol_gen_entity_in_the_cntrct	134000
total_vol_gen_by_entity_in_the_cntrct	134000
total_vol_in_the_contract	2632000
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct_entity	100
prcnt_of_non_gen_trds_entity_total_trds_in_cntrct	10.53
prcnt_of_art_vol_gen_entity_cntrct_total_vol_gen_by_entity_in_cntrct	100
prcnt_of_art_vol_gen_entity_cntrct_total_vol_in_cntrct	5.09