BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/VKV/AK/2021-22/13626]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of

Triton Trading Company Pvt Ltd

(PAN: AAACC1480H)

In the matter of Dealings in Illiquid Stock Options at BSE

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") observed large scale reversal of trades in stock options segment of Bombay Stock Exchange (hereinafter referred to as "**BSE**"). SEBI observed that such large scale reversal of trades in stock options lead to creation of artificial volume at BSE. In view of the same, SEBI conducted an investigation into the trading activities of certain entities in illiquid stock options at BSE for the period April 1, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period / IP**").

2. Pursuant to investigation, it was observed that total 2,91,643 trades comprising substantial 81.38% of all the trades executed in stock options segment of BSE during the Investigation Period 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 Investigation Period. It was observed that Triton Trading Company Pvt

Ltd (hereinafter referred to as the "**Noticee**") was one of the various entities which indulged in execution of reversal trades in stock options segment of BSE during the Investigation Period. Such trades were observed to be non-genuine in nature and created false or misleading appearance of trading in terms of artificial volumes in stock options and therefore alleged to be manipulative, deceptive in nature. In view of the same, SEBI initiated adjudication proceedings against the Noticee for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

3. Shri Sahil Malik was appointed as the Adjudicating Officer vide order dated April 3, 2018, under section 19 read with section 15I(1) of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with section 15I (1) and (2) of SEBI Act, and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA of SEBI Act. Pursuant to the transfer of Shri Sahil Malik, the undersigned has been appointed as the Adjudicating Officer, vide communique dated August 13, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice bearing reference no. SEBI/HO/EAD-9/SM/PR/515/25943/2018 dated September 14, 2018 (hereinafter referred to as '**SCN**') was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticee and why penalty should not be imposed upon the Noticee under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee.

5. It was *inter* alia alleged in the SCN that the Noticee, through its trades, had indulged in creation of artificial volume of 72,44,000 units through 94 non-genuine trades in 25 stock option contracts during IP.

6. The SCN issued to the Noticee was sent via Speed Post Acknowledgement Due and via email. The Noticee, vide its letter dated November 2, 2018, filed an Application for Settlement with SEBI in the matter. An intimation was also received from the concerned department of SEBI communicating that an Application for Settlement in the prescribed "Form A" from the Noticee was received and it was requested to keep the proceedings in abeyance till disposal of the Settlement Application. The Noticee, vide its letter dated February 23, 2021, stated that it had withdrawn the said Application for Settlement. Subsequently, the concerned department of SEBI intimated, vide email dated February 26, 2021, that the Noticee had withdrawn the Settlement Application filed by it in terms Regulation 7 of the SEBI (Settlement Proceedings) Regulations, 2018. Thereafter, the Noticee, vide letter dated February 26, 2021 and April 19, 2021, *inter alia* requested for inspection of documents in the matter. The Noticee was informed, vide email dated June 8, 2021, that all the relevant documents had already been provided to the Noticee as annexures to the SCN. The Noticee was also granted an opportunity hearing in the matter on June 18, 2021. However, the Noticee failed to avail of the hearing opportunity. Thereafter, the Noticee requested for another opportunity of hearing, vide email dated June 19, 2021. In view of the said request, the Noticee was granted a final opportunity of hearing on July 19, 2021, vide email dated July 8, 2021.

7. I note that the Noticee has availed of hearing opportunity in the matter before the undersigned on July 19, 2021. The hearing in the matter was conducted via video conferencing (WebEx) and Advocate Aayushi Sharma appeared as the Authorised Representative ('AR') of the Noticee in the hearing. During the course of hearing, the AR reiterated the written submissions dated April 19, 2021

submitted by the Noticee. The AR undertook to make post hearing submissions in the matter latest by July 22, 2021. The AR of the Noticee, vide email dated July 20, 2021, made post hearing written submissions in the matter.

8. The Noticee *inter alia* made the following submissions in its aforesaid written submissions:
   (a) The trades in question have all the traits of being genuine and therefore cannot be categorized as non-genuine. The said trades were executed on the anonymous platform of the Exchange, without any knowledge of counter party, at price ranges that were permitted by the Exchange and SEBI and the obligations arising out of it have been settled through the clearing mechanism of the Exchange.
   (b) Further, the reasons for trades being carried out at a substantial price difference and being reversed with the same party are also genuine as the RDD issued by SEBI envisages such a situation and also warns the investors and traders against them as it accepts that these are bound to happen.
   (c) The information displayed on 'BOLT' with respect to the alleged trades and trading history available in public domain, equally nurtures and meets with the requisitions of an investor wherein question of creation of artificial volume or misleading appearance does not arise at all.
   (d) Had the trades been non-genuine, the Noticee would have been related to the counter party. The SCN does not provide any evidence on the Noticee's relationship with the counter party. It is humbly submitted that the counter party is not related to the Noticee.
   (e) It is not the case that other investors have got carried away or have been misled due to the trades carried out by the Noticee. Further, there is no allegation that any third party has suffered any loss due to the transactions carried out by the Noticee nor does the SCN identify the possible motive of carrying out the alleged artificial volumes and non-genuine trades.
   (f) The Noticee grossly denies the allegations of carrying out artificial volume or executing non-genuine trades or creating false and misleading appearance of trading or any manipulative or deceptive trades as falsely and wrongly alleged in the SCN.

(g) The Noticee would humbly like to bring to your kind notice various orders passed by SEBI in the matters of Illiquid Stock Options, wherein facts of which are similar to the instant matter and a single penalty is imposed on even multiple number of non-genuine trades executed in multiple securities.

(h) The Noticee would like to submit that all the relevant documents relied upon by SEBI to initiate the instant proceedings in the matter of Illiquid Stock Options have still not been provided to the Noticee.

(i) SEBI and Exchanges have put in place a mechanism of price band in Capital Market Segment to control extreme volatility, which may result in trades taking place at unrealistic prices. No such price band mechanism was in place in the options segment. This in itself means that all prices at which the alleged trades were executed were not unrealistic.

(j) SEBI has labeled the Noticee's trades as artificial and non-genuine after 3 to 4 years of the transactions.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully perused the charges levelled against the Noticee, their reply and the documents / material available on record. The issues that arise for consideration in the present case are :

   (a) Whether the Noticee has violated regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?

   (b) Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act?

   (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

10. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations as below:

    PFUTP Regulations, 2003

    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 fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—
(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

11. I note that the Noticee has *inter alia* stated that all the relevant documents in the matter have not been provided to it. In this respect, I note from available records that the documents as available and relied in the present matter have been provided to the Noticee along with the SCN. In this regard, I note that Hon'ble SAT, in its order dated February 12, 2020, in the matter of Shruti Vora vs. SEBI had made the following observations - *"A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and*

supply of such documents which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon."

12. In view of the above, since all the documents which were relevant and relied upon in the instant proceedings, have been provided to the Noticee along with the SCN, I am of the opinion that principles of natural justice have been duly complied with in the instant proceedings and no prejudice in filing reply has been caused to the Noticee. I also note that the Noticee was granted an opportunity of hearing in the present proceedings, which the Noticee has availed on July 19, 2021. In view of the same, I am convinced that the principles of natural justice have been complied with in the present matter.

13. I note that the allegation against the Noticee is that, while dealing in the stock option contracts at BSE during the Investigation period, the Noticee had executed reversal trades which were allegedly non-genuine trades and the same have resulted in the generation of artificial volume in stock option contracts at BSE. Reversal trades are considered to be those trades in which an entity reverses its buy or sell positions in a contract with subsequent sell or buy positions with the same counterparty during the same day. The said reversal trades are alleged to be non-genuine trades as they are not executed in normal course of trading, lack basic trading rationale, lead to false or misleading appearance of trading in terms of generation of artificial volumes, and hence are deceptive & manipulative.

14. I note from the trade log that the Noticee had executed 94 non-genuine trades in 25 contracts. I further note that the above-mentioned trades of the Noticee had resulted in the creation of artificial volume of a total of 72,44,000 units in the said 25 contracts. Summary of non-genuine trades of Noticee is as follows:

Stock Option Contract	Buy Quantity	Sell Quantity	Number of non genuine trades executed by Entity in the Contract	Total number of trades executed by the Entity in the Contract	Total number of trades executed in the contract	Artificial volume generated by Entity in the Contract (B+C)	Total volume generated by Entity in the Contract	Total volume in the Contract	% of Non Genuine trades of Entity in the contract to Entity's Total trades in the Contract = (D/E)	% of Non Genuine trades of Entity in the contract to Total trades in the Contract = (D/F)	% of Artificial Volume generated by Entity in the contract to Entity's Total Volume in the Contract = (G/H)	% of Artificial Volume generated by Entity in the contract to Total Volume in the Contract = (G/I)
A	B	C	D	E	F	G	H	I	J	K	L	M
ADPW15AUG26.00PE	208000	208000	10	11	16	400000	416000	944000	91%	63%	96%	42%
ADPW15AUG28.00PE	160000	160000	6	6	8	320000	320000	384000	100%	75%	100%	83%
ALBK15SEP80.00CEW1	80000	80000	5	5	10	160000	160000	328000	100%	50%	100%	49%
ALBK15SEP90.00PEW1	42000	42000	3	3	13	84000	84000	464000	100%	23%	100%	18%
ALBK15SEP90.00PEW2	44000	44000	2	2	2	88000	88000	88000	100%	100%	100%	100%
ANBK15AUG60.00CE	92000	92000	5	5	9	184000	184000	512000	100%	56%	100%	36%
ANBK15AUG70.00PE	4000	4000	2	2	6	8000	8000	288000	100%	33%	100%	3%
CARN15AUG130.00CE	133000	133000	2	2	4	266000	266000	320000	100%	50%	100%	83%
DISH15APR60.00CEW2	832000	832000	4	4	32	1664000	1664000	3120000	100%	13%	100%	53%
FEDB15SEP55.00CEW1	140000	140000	2	3	4	184000	280000	328000	67%	50%	66%	56%
HDIL15APR80.00CEW2	756000	756000	4	4	14	1512000	1512000	1984000	100%	29%	100%	76%
HDIL15SEP70.00PEW3	86000	86000	4	4	6	172000	172000	208000	100%	67%	100%	83%
IBRL15APR50.00CEW2	212000	212000	2	2	8	424000	424000	1160000	100%	25%	100%	37%
IDEA15SEP140.00CEW1	104000	104000	4	6	8	144000	208000	272000	67%	50%	69%	53%
IDEA15SEP145.00CEW1	24000	24000	4	4	6	48000	48000	56000	100%	67%	100%	86%
IFCI15SEP24.00PEW2	8000	8000	2	2	10	16000	16000	448000	100%	20%	100%	4%
IIBK15APR840.00CE	200000	200000	4	4	6	400000	400000	578000	100%	67%	100%	69%
IRBI15SEP230.00PEW2	27000	27000	2	2	8	54000	54000	144000	100%	25%	100%	38%
RCAP15SEP310.00CEW2	74500	74500	6	6	6	149000	149000	149000	100%	100%	100%	100%
RCOM15SEP50.00CEW3	244000	244000	6	6	12	488000	488000	608000	100%	50%	100%	80%
SRFL15SEP1170.00PEW2	7500	7500	2	2	6	15000	15000	17500	100%	33%	100%	86%
SYND15SEP95.00PEW2	76000	76000	5	5	7	152000	152000	184000	100%	71%	100%	83%
TATP15SEP70.00PEW1	64000	64000	2	4	21	16000	128000	608000	50%	10%	13%	3%
TATP15SEP70.00PEW2	84000	84000	2	2	2	168000	168000	168000	100%	100%	100%	100%
TATP15SEP75.00PEW2	64000	64000	4	4	4	128000	128000	128000	100%	100%	100%	100%

15. It is noted that the Noticee had executed non-genuine trades in 25 contracts, wherein percentage of non-genuine trades of the Noticee in stock options contracts to total trades in the said contracts were in the range of 13% to 100%. Further, percentage of artificial volume generated by the Noticee in the contract to the total volume in the said 25 contracts was in the range of 3% to 100%. Out of the said 25 contracts, the trades of the Noticee contributed to 100% of artificial volume in 4 contracts. Non-genuine trades executed by the Noticee in the above contracts had significant differential in buy rates and sell rates considering that the trades were reversed on same day.

16. I note from the trade log that the trades executed by the Noticee in a contract were squared up within a short span of time with its counterparties. To illustrate, the Noticee on August 28, 2015 at 15:23:15 hrs entered into 1 buy trade with counter party viz. Excell Steel for 44,000 units at rate of Rs.4 per unit in the contract "ALBK15SEP90.00PEW2". Thereafter, on the same day, Noticee, at 15:25:32 hrs entered into 1 sell trade with same counterparty for 44,000 units at rate of Rs. 7.6 per unit in the same contract. It is noted that while dealing in the said contract during the I.P., the Noticee executed 2 reversal trades (1 buy trade + 1 sell trade) with same counterparty viz. Excell Steel on the same day and with significant price differential in buy and sell rate. Thus, the Noticee, through its dealing in the contract viz. "ALBK15SEP90.00PEW2" during the I.P., executed 2 non genuine trades which is 100% of the total trades from the market in the said contract during the I.P., and thereby, Noticee generated artificial volume of 88,000 units which is 100% of the volume traded in the said contract from the market during the I.P.

17. The non-genuineness of these transactions executed by the Noticee is evident from the fact that there was no commercial basis as to why, within a short span of time, the Noticee reversed the position with its counterparties with significant

price difference. I note from the trade log of the Noticee that the time taken by the Noticee for reversing its non-genuine trades ranged from 5 seconds to 21 minutes & 58 seconds. Such a short span of time taken for reversing the trades in an illiquid stock option contract suggests the non-genuineness of these trades executed by the Noticee. The fact that the transactions in a particular contract were reversed with the same counterparties indicates a prior meeting of mind with a view to execute the reversal trades at a pre-determined price. Since these trades were done in illiquid option contracts, there was no trading in the said contract and hence, there was no price discovery in the strictest terms. The wide variation in prices of the said contracts, within a short span of time, is a clear indication that there was pre-determination in the prices by the counterparties while executing the trades. Thus, it is observed that Noticee had indulged in reversal trades with its counterparties in the stock options segment of BSE and the same were non-genuine trades.

18. I note that it is not mere coincidence that Noticee could match its trades with the same counterparties with whom it had undertaken first leg of the respective trades. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a fashion. Here I would like to rely on the judgment of Hon'ble Supreme Court in SEBI v Kishore R Ajmera (AIR 2016 SC 1079), wherein it was held that - "…*in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive..."*

19. The Hon'ble Supreme Court further observed in the same matter that – *"It is a fundamental principle of law that proof of an allegation levelled against a person may be*

in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."

20. The Noticee has also submitted that its trades are genuine as the Risk Disclosure Document (RDD) issued by SEBI also envisages the possibility of significant price difference and losses / profits due to lower liquidity and wider spreads. In this context, I note that RDD is a document in the nature of general advisory to investors dealing in derivatives markets considering that derivatives products are complex, risky and high leverage products. Such a document in any case does not either implicitly or explicitly permit deliberate structuring of manipulative trades which lack economic rationale and run contrary to the dynamics of price discovery in option trading. Therefore, the said contention of the Noticee is devoid of any merit.

21. I note that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion of the Noticee with other entities. The Noticee has stated that the counterparties were not related to it. The Noticee has made reference of certain case laws decided by the Hon'ble SAT viz. Jagruti Securities vs SEBI, SPJ Stock Brokers Pvt Ltd vs SEBI and Sanjay Agrawal vs SEBI. However, I note that the trading behaviour of the Noticee makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. It is noted that in the screen based trading, the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc. Further, in the absence of direct proof of

meeting of minds, the conclusion can be derived from various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time and such other relevant factors. In this context, I deem it appropriate to refer to the Hon'ble SAT order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004), wherein the Hon'ble SAT has observed that - *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

22. Further, I place my reliance on the judgment of Hon'ble Supreme Court in the matter in respect of SEBI v Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018), in which the Hon'ble Supreme Court observed that - *"the price discovery system itself was affected by synchronization and rapid reverse trade, which also had the impact of excluding other investors from participating in the market. The Supreme Court, therefore found that the traders having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations"*. The Apex Court also observed that - *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities….."*

23. Reliance is also placed upon the observations of Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd. (*supra*) where the Hon'ble Apex

Court stated at Para 35 and Para 41 of that said Order that - "*The platform of the stock exchange has been used for a non-genuine trade. Trading is always with the aim to make profits. But if one party consistently makes loss and that too in pre-planned and rapid reverse trades, it is not genuine; it is an unfair trade practice"… "The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market."*

24. The trading behaviour of the Noticee confirms that such trades were not normal and the wide variation in prices of the trades in the same contract in a short time without any basis for such wide variation, all indicate that the trades executed by the Noticee were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in respective contracts. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by the Noticee stands established. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

25. In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, which reads as under:

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 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.

26. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act which reads as under:

Factors to be taken into account by the adjudicating officer.

15J. While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

27. Though the records available before me does mention about amount of gain/loss of the entities involved in the non-genuine trades including the Noticee. However, it is worth considering that entities involved in these non-genuine trades have either booked gains or loss and the gains or loss appears to be of notional in nature. Generally, there is nil or negligible participation of the public in the trading in illiquid stock option contracts. Hence, the impact of these non-genuine trade has been considered. When the impact of artificial volume created by the two counterparties is seen as a whole, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the artificial trades between the counter parties or the consequent loss caused to investors as a result of the default. The Noticee has entered into 94 non-genuine transactions in 25 stock option contracts which demonstrates the repetitive nature of the default on its part.

ORDER

28. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 5,00,000 (Rupees Five Lakh only) on the Noticee viz. Triton Trading Company Pvt Ltd under the provisions of Section 15HA of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

29. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

30. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the “The Division Chief, EFD-1, DRA-I, SEBI, SEBI Bhavan 2, Plot No. C –7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051”. The Noticee shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

31. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

32. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Date: September 30, 2021 **VIJAYANT KUMAR VERMA**

Place: Mumbai **ADJUDICATING OFFICER**