



By Speed Post A.D.

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER &
ADJUDICATING OFFICER

SEBI/HO/IID/AT/NT/2021/ 24265/1
September 16, 2021

BANSAL IMPEX [PAN: AANFB4683M]
1718, AAKASHETH KUWA NI POL,
OPP RAIPUR POST OFFICE
RAIPUR, MADAN GOPAL ROAD
AHMEDABAD, GUJARAT - 380001
Email: info@bandhanjewels.com

Subject: Adjudication Proceedings in respect of Bansal Impex in the matter of dealings in Illiquid Stock Options at BSE: Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as “SEBI”) has initiated adjudication proceedings in respect of Bansal Impex (hereinafter, referred to as “Noticee”), bearing PAN – AANFB4683M, for allegedly violating Regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices related to Securities Markets) Regulations, 2003 (hereinafter, referred to as “PFUTP Regulations, 2003”), in the matter of trading in illiquid stock options on the Bombay Stock Exchange Ltd. (“BSE”).
2. The undersigned was appointed as Adjudicating Officer vide order dated July 06, 2021, to enquire into and adjudge under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “SEBI Act”), the alleged violations by the Noticee. A copy of the communiqué dated July 06, 2021 appointing the undersigned as Adjudicating Officer is placed at **Annexure A**.
3. As part of ongoing surveillance, SEBI came across large scale reversal of trades in Stock Options segment of the BSE. Subsequently, SEBI conducted an investigation into the trading activity in illiquid Stock Options at BSE (hereinafter, referred to as “investigation”) for the period between April 1, 2014 to September



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.), 2644 9000 / 4045 9000 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.

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30, 2015 (hereinafter referred to as "**Investigation Period**") and observed that majority of volume generated in BSE's stock option segment was artificial volume which was created by execution of reversal trades.

4. Reversal trades are considered non-genuine trades if it involves 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) so reversed in non-genuine trades, comprising both original volume and reversed volume.
5. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.41% of all the trades executed in BSE Stock Options Segment were trades which involved reversal of buy and sell positions by the clients and counterparties in a contract. The reversal trades involved squaring off transactions, but with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes.
6. The Noticee was one of the entities which indulged in reversal trades which allegedly created false and misleading appearance of trading, generating artificial volumes in the Stock Options Segment of BSE during the investigation period. The Noticee is alleged to have engaged in 2 such reversal trades in 1 unique contract, which led to generation of alleged artificial volume of 300000 units. These trades of the Noticee involved reversal with the same counterparty on the same day, but at different prices. Details of all the trades of Noticee (which were all reversed) in Stock Options segment of BSE during the investigation period are given in **Annexure B**.
7. The trades entered by the Noticee were reversed on the same day with same counterparties at a substantial price difference without any basis for significant change in the contract price which indicates that these trades are artificial and are non- genuine in nature.
8. A summary of dealings of Noticee in one Stock Options contracts in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows:





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Summary of dealings in contracts wherein the Noticee executed reversal trades:

S. No.	Contract Name	Avg. Buy Rate (Rs.)	Total Buy Volume (no. of units)	Avg. Sell Rate (Rs.)	Total Sell Volume (no. of units)	% 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.	MFSL15APR250.00CEW2	19.95	150000	17.1	150000	100%	100%

Note: "Unit" refers to lot size in contract multiplied by number of contracts traded.

9. From the trades executed by the Noticee in the contract of "MFSL15APR250.00CEW2", it is observed that:

(a) While dealing in the said contract on 19/03/2015, at 13:50:54.59 hrs. the Noticee entered into a sell trade with counterparty Jagdishkumar Amrutlal Akhani for 150000 units at Rs. 17.1 per unit, which was reversed by a buy trade at 13:51:07.28 hrs with the same counterparty for 150000 units at Rs. 19.95 per unit.

(b) The Noticee's two trades while dealing in the above said contract during the investigation period allegedly generated artificial volume of 300000 units, which made up 100% of total market volume (300000) in the said contract during this period.

10. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, 2003.

11. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under section 15HA of the SEBI Act.

12. You are, therefore, called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.





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13. Your reply, if any, should reach the undersigned or through email at aparnat@sebi.gov.in and nishthat@sebi.gov.in within 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. You may also indicate whether you desire a personal hearing in the matter.
14. 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.
15. The Noticees may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticees wish to opt for the settlement process, they may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, they may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.

APARNA THYAGARAJAN
ADJUDICATING OFFICER

Enclosures: Documents relied upon are as follows:

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated July 06, 2021 appointing Adjudicating Officer	3
B	Integrated trade log of all trades of Noticee in Stock Option segment of BSE during the investigation period i.e., April 1, 2014 to September 30, 2015	1



ANNEXURE A

SECURITIES AND EXCHANGE BOARD OF INDIA **Order communicating appointment of Adjudicating Officer**

1. Whereas, Securities and Exchange Board of India (**SEBI**) has conducted examination trading in option on individual stocks listed on Bombay Stock Exchange 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 provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003 by certain entities.
3. The Competent Authority has, therefore, in exercise of the powers conferred upon her under Section 19 of the SEBI Act read with Section 15 I(1) of the SEBI Act and Rule 3 of securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("hereinafter referred as the '**SEBI Rules**') read with section 19 of the SEBI Act appointed certain Division Chiefs as Adjudicating Officers vide Order dated July 02, 2021 to enquire into and adjudge under Sections 15HA SEBI Act the alleged violations by the entities.
4. The list of the entities against whom adjudication is approved and the names of the respective Adjudicating Officers who are appointed to adjudicate against these entities is enclosed as **Annexure**.
5. The said proceedings of appointment are hereby being 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 6th day of July 2021.

Bhavana R.K.
BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

313	210011576	ISO at BSE-BANSAL IMPEX	AANFB4683M	BANSAL IMPEX	Aparna Thyagarajan
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ANNEXURE B

TRADE_DATE	19/03/2015	19/03/2015
PANNO	AETPA5632H	AANFB4683M
CLIENTNAME	JAGDISHKUMAR AMRUTLAL AKHANI	BANSAL IMPEX
CP_PANNO	AANFB4683M	AETPA5632H
CP_CLIENTNAME	BANSAL IMPEX	JAGDISHKUMAR AMRUTLAL AKHANI
ORDER_NO	1426750149602002001	1426750149602002004
CP_ORDER_NO	1426750149602002002	1426750149602002003
TRADEID	15286	14821
TRADE_TIME	13:50:54.599724	13:51:07.280181
ORDER_LMTIME	13:50:54.587890	13:51:07.280181
CP_ORDER_LMTIME	13:50:54.599724	13:51:07.258848
TRADE_RATE	17.1	19.95
TRADE_VALUE	40065000	40492500
Premium Trade Value	2565000	2992500
ORDER_LMRATE	17.1	19.95
CP_ORDER_LMRATE	17.1	19.95
TRADED_QTY	150000	150000
ORDER_LMQTY	150000	150000
CP_ORDER_LMQTY	150000	150000
MEMBER_NAME	SUNFLOWER BROKING PVT.LTD.	BANSAL FINSTOCK PVT.LTD.
CP_MEMBER_NAME	BANSAL FINSTOCK PVT.LTD.	SUNFLOWER BROKING PVT.LTD.
TERMINALID	201	201
USER_NAME	DIGVIJAYSINH B RANA	OHMEDYASIN MOHMEDIQBAL MAKANI
CP_TERMINALID	201	201
CP_USER_NAME	OHMEDYASIN MOHMEDIQBAL MAKANI	DIGVIJAYSINH B RANA
LOCATIONID	3600020001063001	3640020007027001
CP_LOCATIONID	3640020007027001	3600020001063001
SCRIPNAME	MFSL15APR250.00CEW2	MFSL15APR250.00CEW2
EXPIRY DATE	2015-04-09	2015-04-09
STRIKEPRICE	250	250
S. No.	104556	104555
Whether self trades	No	No

