BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/AD/2023-24/26881]

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

VIDUSHI TULSHAN BENEFICIARY TRUST

(PAN: AABTV4669B)

In the matter of Trading in Illiquid Stock Options on BSE

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), conducted an investigation into the trading activity in illiquid Stock Options at Bombay Stock exchange (hereinafter referred to as "**BSE**") for the period between April 1, 2014 to September 30, 2015 (hereinafter referred to as, "**Investigation Period/IP**") after observing large scale reversal of trades in Stock Options segment of the BSE.

2. Pursuant to investigation, it was observed that during the investigation period, a total of 2,91,744 trades comprising 81.40% 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 led to generation of artificial volumes.

3. Vidushi Tulshan Beneficiary Trust ("**the Noticee**") was one such client whose reversal trades involved squaring off transactions with significant difference in the sell value and buy value of the transactions. The aforesaid reversal trades allegedly resulted into generation of artificial volumes, leading to allegations that the Noticee had violated Regulation 3(a), (b),(c),(d) and Regulation 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 (hereinafter, referred to as "**PFUTP Regulations, 2003/PFUTP Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer (hereinafter referred to as "**AO**") under Section 15-I(1) of the Securities and Exchange Board of India Act (hereinafter referred to as "**SEBI Act**") read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as the "**Adjudication Rules**") vide order dated June 21, 2021 to inquire into and adjudge under Section 15HA of the SEBI Act, the alleged violations of the aforesaid provisions of the PFUTP Regulations, 2003, by the Noticee. The appointment of the AO was communicated vide communique dated July 27, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated August 10, 2022 (hereinafter referred to as **'SCN'**) was issued to the Noticee under Rule 4(1) of the Adjudication Rules through digitally signed email dated August 11, 2022 to show-cause as to why an inquiry should not be initiated against it for the alleged violation of Regulations 3(a), (b), (c), (d), 4(1)

and 4(2)(a) of PFUTP Regulations and why penalty should not be imposed under Section 15HA of the SEBI Act for the violations alleged to have been committed by Noticee.

6. Thereafter, in the interest of natural justice, an opportunity of personal hearing was given to the Noticee on April 18, 2023 vide hearing notice (hereinafter referred to as "**HN"**) dated March 24, 2023. The aforementioned HN was sent to Noticee through digitally signed email as well as through Speed Post Acknowledgement Due (**SPAD**). The HN was duly delivered to Noticee.

7. In response to the HN, vide email dated April 12, 2023, Noticee through its authorized representative, Mr Robin Shah, Bodhi Legal, submitted that Noticee was dissolved in the year 2017 and they did not receive the SCN sent to Noticee through the email dated August 11, 2022. Further, Authorised Representative of Noticee in the aforementioned email confirmed his attendance to the hearing scheduled on April 18, 2023. Thereafter, considering the submission of Authorised Representative of Noticee made vide the aforementioned email, the SCN in the matter was once again sent to Noticee vide email dated April 12, 2023.

8. Further, vide email dated April 13, 2023 as well as through post, Authorized Representative of Noticee filed its reply dated April 13, 2023 to the SCN. The contents of the aforementioned reply of Noticee is summarized hereunder:
    a) Noticee was dissolved with effect from May 15, 2017. The PAN Card has been surrendered for cancellation with the Income Tax Authorities even before the issuance of the SCN.
    b) Noticee further placed reliance on Adjudication Orders passed by Adjudicating Officers of SEBI in the matters of Anishka Chachan Trust, Utkarsh Agarwal Family Trust and Krishna Beneficiary Trust, wherein SCNs were disposed of qua Trusts which were not in existence at the time of issuance of SCNs.

c) Noticee has filed along with its reply a copy of trust deed dated May 15, 2006, copy of deed of dissolution of trust dated May 15, 2017 and a letter dated February 08, 2022 sent to Income Tax Authorities for cancellation of PAN.

9. On scheduled date of hearing, i.e., April 18, 2023, Mr. Robin Shah, Authorised Representative (**AR**) of Noticee attended the hearing and reiterated the contents of Noticee's reply dated April 13, 2023.

CONSIDERATION OF ISSUES AND FINDINGS

10. I have carefully perused the charges levelled against Noticee, replies/submissions filed by AR of Noticee and other documents/ evidence available on record. Before proceeding into the merits of the matter, I find it pertinent to examine whether instant adjudication proceedings could be proceeded with considering the submission that Noticee was not in existence at the time of issuance of SCN.

11. I note from the perusal of the Deed of Dissolution of Trust dated May 15, 2017 submitted by AR that Noticee stood dissolved w.e.f. May 15, 2017 in terms of Section 77(a) of The Indian Trusts Act, 1882 ("**Trusts Act, 1882**"). Additionally, I also note from the letter dated February 08, 2022 submitted by Noticee to Income Tax Authorities that Noticee had surrendered its PAN to Income Tax Authorities on February 08, 2022. In light of the above observations, I find that Noticee was not in existence at the time of issuance of SCN in the matter on August 10, 2022.

12. I note that in the adjudication orders passed by Learned Adjudicating Officers, SEBI in the matters of Anishka Chachan Trust, Utkarsh Agarwal Family Trust and Krishna Beneficiary Trust, which was cited by AR in his submissions, adjudication proceedings have been disposed of without going into the merits of case due to the fact that respective trusts were not in existence at the time of initiation of adjudication

proceedings. Therefore, in light of the fact that Noticee was not in existence at the time of issuance of the SCN in this matter and placing reliance on the aforementioned adjudication orders, I conclude that the present adjudication proceedings initiated against the Noticee vide SCN dated August 10, 2022 cannot be proceeded with.

ORDER

13. In view of the above observations/findings and in exercise of the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Vidushi Tulshan Beneficiary Trust vide SCN dated August 10, 2022.

14. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Authorised Representative of Noticee and also to SEBI.

Date: May 30, 2023 **SOMA MAJUMDER**
Place: Mumbai **ADJUDICATING OFFICER**