BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/DD/2022-23/18172]

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

IIFL Securities Limited (PAN: AAACI7397D)

In the matter of ICICI Lombard General Insurance Company Limited

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BACKGROUND

1. Securities and Exchange Board of India (herein after referred to as 'SEBI') conducted an investigation into the block deals executed by FAL Corporation Ltd. (hereinafter referred to as **'FAL/Company'**) in the scrip of ICICI Lombard General Insurance Co. Ltd. (hereinafter referred to as '**ICICIGI/Company/by name**') to, *inter-alia*, check any manipulation of reference price considered for execution of the block deal trades for the period April 01, 2019 to September 30, 2019 (hereinafter referred to as '**Investigation Period/IP**'). The focus of the investigation was to ascertain the violations, if any, of the provisions of, *inter- alia*, the SEBI Act, 1992 ('**SEBI Act**') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ('**PFUTP Regulations**') w.r.t. trading in the scrip of ICICIGI.

2. ICICIGI was incorporated on October 30, 2000 and has its registered office at ICICI Lombard House, 414 Veer Savarkar Marg, Near Siddhivinayak Temple, Prabhadevi, Mumbai- 400025. The company's line of business is general insurance. The scrip of the company is listed at the BSE Ltd. ('**BSE**') and the National Stock Exchange of India Ltd. ('**NSE**').

3. The price-volume data ("**PV data**") of the scrip of ICICIGI on both BSE and NSE for the period January 01, 2019 to December 31, 2019 is summarized as under:

Summary of PV data at BSE

Period	Dates	Opening Price (volume) on first day of the period (Rs)		Closing price (volume) on last day of the period (Rs.)	Low price(volume) during the period (Rs.)	High Price(volume) during the period (Rs.)	Avg. no. of (shares) traded daily during the period
Before Investigation Period	01.01.19 – 31.03.19	Price	854.5	1032.85	809.6 (28.01.19)	1037 (29.03.19)	26,086
		Vol	11587	27355	3150 (08.02.19)	207335 (06.02.19)	
During Investigation Period	01.04.19-30.09.19	Price	1030	1210.25	995 (04.04.19)	1285.35 (03.09.19)	2,39,280
		Vol	14435	38426	4538 (04.04.19)	23403413 (26.09.19)	
After Investigation Period	01.10.19 – 31.12.19	Price	1210	1389.4	1145.85 (09.10.19)	1439.9 (26.12.19)	42,994
		Vol	17115	36548	4177 (18.12.19)	883847 (16.10.19)	

Summary of PV data at NSE

Period	Dates		Opening Price (volume) on first day of the period (Rs)	Closing price (volume) on last day of the period (Rs.)	Low price(volume) during the period (Rs.)	High Price(volume) during the period (Rs.)	Avg. no. of (shares) traded daily during the period
Before Investigation Period	01.01.19-31.03.19	Price	854	1033.3	806.95 (28.01.19)	1036.95 (26.03.19)	2,75,374
		Vol	100438	703616	56141 (18.02.19)	1116494 (05.03.19)	
During Investigation Period	01.04.19-30.09.19	Price	1045	1209.85	994.45 (04.04.19)	1284.55 (03.09.19)	9,88,797
		Vol	273501	656971	101295 (17.06.19)	19066644 (25.06.19)	
After Investigation Period	01.10.19 – 31.12.19	Price	1210	1386.8	1146.35 (09.10.19)	1440.4 (26.12.19)	10,76,717
		Vol	392433	216620	134665 (27.10.19)	29006294 (16.10.19)	

4. During the course of investigation, it was observed that FAL had carried out block deal of 213.13 Lakh equity shares of ICICIGI worth Rs. 2406.40 crore at BSE in the Afternoon Block Deal Window Session, i.e., between 14:05 to 14:20 hours. on September 26, 2019. It was also observed that FAL had also traded in cash

segment of BSE on the same day during 13:45 p.m. to 14:00 p.m. During the course of investigation, it was observed that the trades were executed in the scrip of ICICIGI by IIFL Securities Ltd, having SEBI Registration number as INZ000164132, (hereinafter being referred to as "**IIFL/Noticee'**) on behalf of its client, FAL.

5. Based on findings of investigation, SEBI observed that trades executed by Noticee were in violation of Sections 12A(a),(b) and (c) of SEBI Act & the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(e) of PFUTP Regulations and Clauses A(1) to A(4) of Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers) Regulations, 1992 (herein after referred to as "**Broker Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

6. Vide order dated March 18, 2021, SEBI appointed the undersigned as the Adjudicating Officer under sub-section 1 of Section 15-I of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') read with Section 19 of the SEBI Act, to inquire into and adjudge under–
    a. Section 15HA of SEBI Act, the alleged violation of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) and 4(2)(e) of PFUTP Regulations and;
    b. Section 15HB of the SEBI Act read with Regulations 25(i), 26(xi) and 26(xvi) of Broker Regulations, the alleged violation of Clauses A(1) to A(4) of Code of Conduct, as specified in Schedule II under Regulation 9(f) of Broker Regulations,

    by Noticee in respect of trades executed in the scrip of ICICIGI on behalf of its client, FAL.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

7. A show-cause notice dated June 10, 2021 (hereinafter referred to as '**SCN**') was issued to Noticee under Rule 4 of Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty, if any, not be imposed upon it under the provisions of Section 15HA and Section 15HB of the SEBI Act for the aforesaid violations alleged to have been committed by it.

8. The main allegations in the SCN are as under:

   i. *In order to ensure that Noticee is able to carry out the block deal at committed price between Rs.1125 to Rs.1130, it placed 18 sell orders during 13:59:10.511678 to 13:59:11.076816 hrs. on behalf of FAL to sell a total of 13,61,895 shares of ICICIGI with a limit price of Rs.1125. This order quantity of 13,61,895 shares was about 17.55 times of the shares which were traded (77600 shares) during the day before these orders were placed. Noticee was aware that that this large order at limit of Rs.1125 would impact the VWAP significantly and eventually the VWAP was brought down to Rs.1140.33 which ensured that the block deal price was in the range of +/- 1% of VWAP i.e. Rs.1128.92 to Rs.1151.73.*

   ii. *In order to meet their commitment given to both the seller and the buyers, knowingly traded between 13:45:00 to 14:00:00 hrs. and contributed 57.97% to negative LTP and 100% to NLP on BSE and indulged in malpractice, influenced and manipulated the VWAP price i.e. the reference price for block deal during afternoon window.*

   iii. *Therefore, it is alleged that Noticee violated Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(e) of PFUTP Regulations.*

iv. *It is also alleged that by carrying out manipulative trade as mentioned above, Noticee, as SEBI registered Stock broker, violated Clause A(1) to A(4) of Code of Conduct, Schedule II under Regulation 9(f) of Broker Regulations.*

9. The SCN was served on Noticee through Speed post Acknowledgement Due (SPAD) and digitally signed email dated June11, 2021 and was duly served upon Noticee. Noticee was given fourteen (14) days' time to submit its reply to the SCN. Vide email dated June 28, 2022, Noticee requested additional time till July 15, 2021, for submitting reply to the SCN. Vide email dated July 01, 2021, Noticee granted time till July 12, 2021 for written submissions. Vide email dated July 12, 2021, Noticee informed that they had filed settlement application in terms of Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Applications**") and requested to keep the present adjudication proceedings in abeyance till disposal of their settlement application.

10. Vide hearing notice dated September 01, 2021, Noticee was granted an opportunity of personal hearing before the undersigned on September 15, 2021. The said hearing notice was issued to Noticee through SPAD and digitally signed email dated September 01, 2021 and was duly served on Noticee. Vide email dated September 03, 2021, Noticee once again requested to keep the proceedings in abeyance till the disposal of its settlement application. Further, vide email dated September 09, 2021, Noticee requested fourteen (14) working days to submit the response to the SCN and requested to adjourn the hearing scheduled on September 15, 2021. The request of Noticee was acceded to and vide email dated September 14, 2021, Noticee was granted another opportunity of personal hearing on September 28, 2021. However, Noticee vide email dated September 23, 2021, once again requested adjournment of hearing, citing the reason of pre-occupancy of their advocate. The request of Noticee was once again acceded to. Vide email as well as letter dated October 20, 2021, Noticee submitted the reply to the SCN. Vide hearing notice dated October 28, 2021, Noticee was granted another opportunity of personal hearing on November 26, 2021. The said hearing notice was sent to Noticee through SPAD and digitally signed email dated

October 28, 2021. On the scheduled date of hearing i.e. November 26, 2021, Authorized Representatives of Noticee (**AR**), namely, Ms. Sabeena Malik, Attorney at Vishesha Law, Mr. Prasad Umarale and Ms. Mamta Singh, attended the hearing and requested for another short adjournment on the grounds that their counsel was unable to attend the hearing on account of pre-occupancy in a matter before the Hon'ble Securities Appellate Tribunal ("**SAT**"). In view of the same, a final opportunity of hearing was granted to Noticee on November 30, 2021. On the scheduled date of hearing, following ARs of Noticee attended the hearing and reiterated the submissions made by Noticee vide its letter dated October 20, 2021:-

i. Mr. Somasekhar Sundaresan, Counsel
ii. Mr. Yugandhara Khanwilkar, Advocate
iii. Mr. Abhishek Venkataraman, Advocate
iv. Mr. KRCV Seshachalam, Attorney, Vishesa Law
v. Ms. Sabeena Mahadik, Attorney, Vishesa Law
vi. Mr. Prasad Umarale, Compliance Officer of Noticee,
vii. Ms. Mamta Singh, AR of Noticee

11. During the hearing, ARs requested time till December 10, 2021, for submitting additional reply, which was duly acceded to. Vide letter dated December 10, 2021, Noticee filed additional submissions in the matter. On June 16, 2022, the relevant department of SEBI informed the undersigned of the rejection of the Settlement Application filed by Noticee. Since more than six months had elapsed since the last date of hearing, vide email dated June 28, 2022, Noticee was granted another opportunity for filing additional written submissions in the matter, if any, by July 04, 2022. Vide email dated July 04, 2022, Noticee requested additional time of seven (7) working days to file additional reply. Considering the request, vide email dated July 05, 2022, Noticee was granted time till July 11, 2022 for submitting additional reply, if any. Noticee, vide email dated July11, 2022, filed additional submissions in the matter.

12. The relevant extracts of the submissions made by Noticee in the matter vide its letter dated October 20, 2021 are given below:-

1. *“The Noticee denies each and every allegation or conclusion sought to be drawn in the said Show Cause Notice. The Noticee states that nothing stated in the Show Cause Notice be deemed as admitted on account of non-traverse unless specifically admitted herein, and the same is hereby denied as if specifically set out herein.*
2. *It is denied that the Noticee has violated Regulations 3 and 4 of the PFUTP Regulations, 2003 as alleged. It is submitted that FAL had specifically instructed the Noticee that it wanted to sell the shares at a minimum price of Rs.1125 per share, thus, by placing the limit orders at Rs. 1125 per share, the Noticee did not act without instructions or on its own or go against the instructions of FAL as alleged. The question of manipulating the price does not arise as the buy orders were already in existence when the Noticee placed the 18 limit orders and the Noticee was not aware about the identity of the buyers or has no connection with the buyers. The Code of Conduct for brokers inter alia lays down that a Stock-broker shall not indulge in manipulative, fraudulent or deceptive transaction or schemes.*
3. *It is submitted that in order to establish a manipulative, fraudulent or deceptive transaction or schemes involvement, a connection between the broker, buyer and the seller and, a prior meeting of the minds must be established. The Noticee denies any connection or relation with the counterparties and the same are not known to the Noticee. Thus, without establishing this connection, the charge of manipulative trades cannot be sustained. Hence, the allegations as alleged are denied. Since the charge of manipulation of the scrip price has not been established against the Noticee, the question of the Noticee violating the code of conduct applicable to the stockbrokers does not arise.*
4. *It is further submitted that under the screen-based trading system, it is impossible to know about the identity of the other party to the transaction and at the time of the transaction the Noticee did not know who the counter party was. SEBI, too, has not established a nexus or collusion between the Noticee as the broker for FAL and the counter parties to the contract. In the absence of any connection between the broker, seller and the buyer, the principle of preponderance of probability cannot be invoked and the Noticee cannot be held*

liable for engaging in manipulative trades. It is reiterated that the Noticee is not connected with and/or associated with any counterparty at any given time or in any manner whatsoever and that no evidence whatsoever is adduced to show any connection between the Noticee and the counterparties.

5. *The Noticee submits that the trades were executed at the Stock Exchange screen based trading system (SBTS) and hence the identities of the counterparties, could not have been known to the Noticee since the SBTS electronically matches the buyer and seller in an order driven system and finds the customer based on the best price available in a quote driven system. There is no question of commission of any fraud or fraudulent practice in any trading on SBTS platform of the Exchange unless the trades in question were patently false and not genuine. There's no such allegation in the SCN. The Noticee has entered into trades on behalf of FAL at the price indicated by them and with their full knowledge and consent.*
6. *It is reiterated that SBI Mutual Fund, the Anchor Buyer placed an order to buy the shares at the floor price (i.e. Rs. 1125 per share) with an indicative interest of Rs. 930 crores. Other buyers also agreed to trade at the same price. Thus, FAL instructed the Noticee to sell 22,675,380 shares of ICICIGI at a minimum price of Rs. 1125 per share and the Noticee merely acted upon the client's instructions. Since the buyers were not known to the Noticee, there was no collusion between them, and the trades were executed routinely without any ulterior motive. Serious charge of market manipulation cannot sustain on mere suspicion, conjectures, surmises or hypothesis. There is no preponderance of evidence in favour of the allegation.*
7. *The Noticee was not known to the counter party and hence the question of any fraudulent trades, as alleged, doesn't arise. The Hon'ble Supreme Court in the matter of **SEBI Vs Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1 (para 31)** has held that the element of "inducement" must exist and should be proved before holding that a person is guilty of fraud. In the SCN, there is neither any allegation nor any evidence to show that the Noticee had induced any party and thereby played a fraud in the securities market. In the absence of any such evidence, the charge of fraud is not proved and hence, the provisions of Regulation 3 and 4 of PFUTP Regulations is not attracted.*

8. *For proving the charge of fraudulent or manipulative practice, it is necessary to prove the mens rea or intention to commit such violation. In* ***Ketan Parekh Vs SEBI (2006) and Shubhkam Securities Private Limited Vs SEBI****, the Apex Court has held that synchronized trades per se are not illegal, and that only when it is proved that synchronized trades were carried out with intention to manipulate the market the provisions of PFUTP Regulations get attracted. In the instant case, the SCN has proceeded on assumption that the trades are illegal as they impacted the reference price of the Block Deal window trading in the afternoon. This allegation is denied vehemently as the Noticee has not deployed any scheme or device to impact the reference price but has entered into the genuine trades. The SCN does not allege any mens rea or intention to impact the reference price or manipulated the market. The change in reference price was the natural outcome of the genuine trades entered into by the Noticee just before the afternoon Block Deal window and no fault can be found with such trading.*
9. *It is denied that trades entered into by the Noticee are manipulative. It is submitted that with a view to ensure FAL's exit from a particular scrip, an investor may opt for selling the shares at a price below the LTP and such sale cannot be viewed as a non- genuine, fraudulent or manipulative trade. The law doesn't prohibit the sale of shares below LTP. In the instant case, our client, FAL, wanted to dispose of its shares of ICICIGI at a minimum price of Rs. 1125 per share. The decision to sell the said shares was as per the sole discretion of FAL and the Noticee as a stock broker was obligated to implement such decision. There is no allegation in the SCN that FAL had any malafide intention in selling the said shares at that price. The decision to sell the said shares at a minimum price of Rs. 1125 per share was taken by the client much before the trading day.*
10. *In order to implement the client's decision, the Noticee (considering large quantity of shares to be disposed of) decided to sell partly shares on the trading platform of the stock exchange and partly through the block deal. The client FAL had instructed the Noticee to dispose of the said shares at a minimum price of Rs. 1125 at a stock exchange without specifying any mode or manner of such disposal. It is pertinent to note that the sale price was decided by the client*

at its sole discretion and the Noticee had no say in it. Assuming there were pending buy orders in the range of Rs. 1139.93/- to Rs. 1157.67/-(as stated in the SCN), the same does not mean that a sell order below the said range would be illegal. In the instant case, there is no allegation of synchronized, reversal or self-trades. There is no allegation of collusion or malafide motive in executing the trades in question by the Noticee.

11. *As per the SCN, out of the total of 830 trades of FAL, executed by the Noticee, there were 430 zero LTP trades and 13 positive LTP trades besides 385 negative LTP trades. The quantity involved in zero LTP trades was 8,31,212 and in positive LTP trades was 921 as against the quantity of 5,29,762 shares in negative LTP trades. Thus, it is clear that the number of zero and positive LTP trades as well as the quantity of shares involved in such trades is substantially higher than that of the alleged negative LTP trades. The SCN has ignored this vital aspect and relied arbitrarily only on the negative LTP trades. The pattern of the aforesaid trades show that there was no intent for manipulating the price of the scrip, as alleged, but the entire trading was driven by the client's mandate to dispose of its ICICIGI at a minimum price of Rs. 1125 per share.*
12. *Subsequently, the VWAP of 13:45 to 14:00 was approx. 1139.00 per share and hence the trades were placed in the block deal window at Rs.1129.05 (1% price range) as per the exchange mechanism. In the present case, on 26-Sept-2019 the total volume was 2.7 crores shares for a delivery volume of 2.39 crore shares (88% delivery) the same was neither speculative nor intentional and it was the genuine delivery transactions which did not have any negative impact on the market. Generally, the orders from clients would be valid for the day or two.*
13. *Accordingly, most large block trades happen at a discount to the market price and this one was no exception in the present case.*
14. *No market impact: The price of the stocks remained unaffected even after the trade on the same day to Rs.1192.00 and then Rs.1204-1210 on the next couple of days in case of the scrip of ICICI Lombard.*

ICICIGI (Period 01-09-2019 to 30-09-2019) - NSE)

DATE	SERIES	OPEN	HIGH	LOW	PREV. CLOSE	LTP	CLOSE	VWAP	52W H	52W L	VOLUME	VALUE	NO OF TRADES
03-Sep-19	EQ	1,250.00	1,284.55	1,165.50	1,257.80	**1,178.00**	1,189.95	1,252.21	1,284.55	638.8	9,54,800	1,19,56,06,718.20	54,788
04-Sep-19	EQ	1,165.00	1,165.00	1,125.65	1,189.95	**1,145.95**	1,145.45	1,142.00	1,284.55	638.8	8,49,780	97,04,47,775.15	52,531
05-Sep-19	EQ	1,154.00	1,184.00	1,151.00	1,145.45	**1,184.00**	1,173.20	1,167.26	1,284.55	638.8	5,30,553	61,92,91,766.10	31,090
06-Sep-19	EQ	1,180.50	1,205.00	1,180.50	1,173.20	**1,202.00**	1,196.15	1,191.87	1,284.55	638.8	4,35,484	51,90,40,789.45	27,481
09-Sep-19	EQ	1,200.00	1,203.85	1,166.15	1,196.15	**1,173.50**	1,178.40	1,186.24	1,284.55	638.8	2,51,219	29,80,05,233.90	23,752
11-Sep-19	EQ	1,140.00	1,148.90	1,120.00	1,178.40	**1,133.00**	1,129.20	1,126.25	1,284.55	638.8	1,88,80,363	21,26,40,08,107.85	1,08,028
12-Sep-19	EQ	1,135.35	1,148.40	1,134.35	1,129.20	**1,139.00**	1,139.00	1,143.19	1,284.55	638.8	6,97,819	79,77,42,357.00	32,375
13-Sep-19	EQ	1,147.00	1,147.00	1,128.35	1,139.00	**1,135.30**	1,135.35	1,137.47	1,284.55	638.8	3,32,690	37,84,25,419.00	16,289
16-Sep-19	EQ	1,133.50	1,139.00	1,101.00	1,135.35	**1,130.00**	1,129.15	1,122.50	1,284.55	638.8	5,46,793	61,37,76,250.60	32,407
17-Sep-19	EQ	1,129.00	1,141.60	1,125.00	1,129.15	**1,134.05**	1,133.25	1,132.54	1,284.55	638.8	3,00,088	33,98,62,680.35	20,671
18-Sep-19	EQ	1,136.30	1,159.00	1,132.25	1,133.25	**1,157.00**	1,154.85	1,146.84	1,284.55	638.8	4,21,923	48,38,78,919.90	16,072
19-Sep-19	EQ	1,154.95	1,177.05	1,136.90	1,154.85	**1,166.00**	1,173.05	1,162.19	1,284.55	638.8	3,68,182	42,78,95,820.35	31,748
20-Sep-19	EQ	1,175.80	1,249.70	1,141.05	1,173.05	**1,232.00**	1,235.90	1,200.57	1,284.55	638.8	13,38,571	1,60,70,54,566.00	94,623
23-Sep-19	EQ	1,253.00	1,270.00	1,192.00	1,235.90	**1,225.00**	1,224.90	1,229.45	1,284.55	638.8	9,23,292	1,13,51,41,542.55	63,160
24-Sep-19	EQ	1,228.80	1,248.90	1,188.00	1,224.90	**1,232.00**	1,222.40	1,205.65	1,284.55	638.8	8,89,536	1,07,24,68,842.55	37,450
25-Sep-19	EQ	1,226.00	1,227.50	1,167.90	1,222.40	**1,169.65**	1,172.30	1,190.38	1,284.55	638.8	5,96,850	71,04,78,241.55	28,602
26-Sep-19	EQ	1,140.00	1,233.00	1,140.00	1,172.30	**1,197.80**	1,192.35	1,181.78	1,284.55	638.8	35,96,764	4,25,05,75,163.40	94,543
27-Sep-19	EQ	1,200.00	1,219.00	1,191.00	1,192.35	**1,207.00**	1,203.75	1,202.74	1,284.55	638.8	4,97,580	59,84,58,520.45	34,864
30-Sep-19	EQ	1,209.00	1,214.30	1,187.00	1,203.75	**1,205.10**	1,209.85	1,198.47	1,284.55	638.8	6,56,971	78,73,62,050.95	30,675

Accordingly, the trades during the normal window (VWAP period) has no or negligible impact on the market price of the scrips.

15. *The Noticee submits that it has not violated any of the provisions of law referred to in the Show Cause Notice.*

    i. *With regards to the alleged violation of section 12A (a) of SEBI Act, 1992, it is submitted that the Noticee has not used or employed, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on 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 thereunder.*

    ii. *With regards to the alleged violation of section 12A (b) of SEBI Act, 1992 and Regulation 3 (c) of PFUTP Regulations, 2003, it is submitted that the Noticee has not employed any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange.*

    iii. *With regards to the alleged violation of section 12A (c) of SEBI Act, 1992, it is submitted that the Noticee has not engaged in any act, practice, course* *of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of the Act or the rules or the regulations made thereunder.*

iv. *With regards to the violation of regulation 3 (b) of PFUTP Regulations, 2003, it is submitted that the Noticee has not used or employed ,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.*

v. *With regards to the alleged violation of regulation 3 (d) of PFUTP Regulations, 2003, it is submitted that the Noticee has not engaged 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.*

vi. *With regards to the alleged violation of regulation 4 (1) of PFUTP Regulations, 2003, it is submitted that the Noticee has not indulged in any manipulative, fraudulent or an unfair trade practice in securities markets.*

vii. *With regards to the alleged violation of regulation 4 (2) (f) of PFUTP Regulations, 2003, it is submitted that the Noticee has not published or caused to publish or reported or caused to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities.*

viii. *With regards to the alleged violation of regulation 4 (2) (r) of SEBI (PFUTP) Regulations, 2003, it is submitted that the Noticee has not planted false or misleading news which may induce sale or purchase of securities.*

ix. *With regards to the alleged violation of code of conduct of the stock broker under regulation of the Regulations, It is submitted that the Noticee has not committed any breach of the code of conduct, as alleged.*

13. On perusal of Noticee's replies dated December 10, 2021 and July 11, 2022, I note that Noticee has made identical submissions. The relevant extract of the same is given below:

i. *The crux of the allegation in the SCN, pertains to sell orders in the nature of limit orders, placed between 13:59:10 and 13:59:11, .i.e. in the last one minute, on September 26, 2019, allegedly below the last traded price ("LTP")(Page 8 at Para 16 of the SCN). There is no allegation in relation to any other trades*;

ii. *SEBI alleges that these trades were undertaken to bring down the volume weighted average price ("VWAP"), for the trades to be executed in the afternoon block deal window;*

iii. *The aforesaid allegations are untenable. The trades that transpired from the limit orders placed below the last traded price were a small component of the Noticee's overall trades. Out of 830 trades emerging from the orders executed by the Noticee in the scrip of ICICI Lombard, there were 430 trades executed at LTP, 13 trades above LTP and just 385 trades were below LTP;*

iv. *In other words, out of 830 alleged trades, 443 trades were benign and no fault can be found with them since they are mostly at market without any change in LTP;*

v. *Therefore, the quantity involved in trades at LTP was shares and trades above LTP was 921 shares. Only trades for 5,29,762 shares were at negative LTP. Therefore, the trades resulting from the orders at or higher than LTP were higher in number;*

vi. *The SCN has ignored this vital aspect and arbitrarily picked only the negative LTP trades. The pattern of the aforesaid trades shows that there was no intent for manipulating the price of the scrip, as alleged;*

vii. *The SCN itself notices that there was buying pressure in the scrip and pending buy orders were 40 times the pending sell orders. The sell orders placed by the Noticee were admittedly limit orders and it is not disputed that they were executed at a price higher than Rs 1,125/- as per the instructions of the Noticee's client. Indeed, there is no suggestion that the sell orders* *were arbitrarily entered into the system at a price below LTP but in fact were limit orders;*

viii. *All trades including the trades below LTP were absorbed by the market automatically within seconds which shows that the scrip was highly liquid and could not have been manipulated;*

ix. *There is no dispute that the transaction was genuine i.e. there was indeed a change of beneficial ownership and the buyers were genuine. There is no allegation of any collusion with any of the buyers. Delivery of shares was in deed given and taken. The trades were fair to the buyers and the seller, and being at the market price, they were indeed fair to the market as well;*

x. *The buyers for the block deal were for a total of 2.13 crore shares out of 2.26 crore shares represented approximately 94% of the total shares for sale by FAL. The remainder 13 lakh shares constituting 6% had to be sold in the open market and these were the only shares that were sold. It is clear that the pattern of conduct shows that there was no intention to manipulate;*

xi. *This 6% block could have been sold after the Block Window or during the day at any time but it was fortuitous that it was sold before the block deal window, which was benign and without any manipulative intent;*

xii. *The allegation that this was done to guarantee execution of trades at a particular price during the block deal window is untenable. The VWAP is calculated, as per SEBI circular, after 5 minutes of the trade and made available between 14:00 and 14:05 by the stock exchanges. (See para 3.2 of the SEBI Circular dated October 26, 2017). The VWAP was not a publicly known fact for the Noticee to take advantage of it and known how to manipulate;*

xiii. *Hence the Noticee would not have any idea that the trades executed between 13:59:10 and would have had an impact on VWAP. The Noticee would have come to know like the rest of the market only after 14.05 hours that day and not before;*

xiv. *No seller was impacted or put to loss and no buyer was at loss. No gain was caused by the Noticee. The Noticee would have earned the same brokerage on the basis of number of shares and value of the transaction, which never changed;*

xv. *The judgement of the Hon'ble Supreme Court in SEBI v Rakhi Trading holds that intentional trading for a loss per is not a genuine trade and the trades in that case were reversed. In this case, the trades were executed at a price higher than Rs 1,125, the minimum price the Noticee's client expected. The limit order was a lower limit on price. It can't therefore be seen as an attempt to lower the price. There is no allegation of circular trading or that the trades were reversed- the transaction led to delivery of shares and nobody was put to a loss or nobody made any gain;*

xvi. *Hence even circumstantially, on the preponderance of probability, there cannot be any allegation of fraud against the Noticee. Indeed, a charge of market manipulation can lie only if the trades are shown to be non-genuine. A genuine trade, regardless of whether it impacts the price, cannot be said to be manipulative. A genuine trade of a large size can and often does impact the price but that does not make it manipulative;*

xvii. *The SCN alludes to an alleged confession by Mr. Prasad Umrale (See Annexure 3 to the SCN). His statement has been misread out of context. What he meant by "slippage" was to avoid shares in the block deal window from being sold to third parties. It was not a reference to the price. There was no suggestion that it was done to depress the price;*

xviii. *Regulation 3 (a) (b) and (c) of the PFUTP Regulations are not attracted and there can be no unfair trade practice when there is no unfairness either to the buyer or seller. None of the factors in Section 15J of the SEBI Act are attracted; and*

xix. *Further, the Noticee submits that the price of the scrip has remained the same, irrespective of the alleged orders placed by the Noticee. The price of the scrip was unaffected and therefore, the trades executed by the Noticee cannot possibly violated SEBI Act, 1992 or the rules and regulations framed therein. Accordingly, there is no impact on any retail investors due to the said transaction.*

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

14. I have carefully examined the allegations made in the SCN, material available on record, and the submissions made by Noticee. The issues that arise for consideration in the present case are :

    I. Whether Noticee has violated the provisions of Sections 12A(a), (b) and (c) of SEBI Act and Regulations 3 (a), (b), (c) and (d), 4 (1) & 4 (2) (e) of PFUTP Regulations and Clauses A(1) to A(4) of Code of Conduct, Schedule II under Regulation 9(f) of Broker Regulations?
    II. Do the violations, if established, attract monetary penalty under Section 15HA and Section 15HB of SEBI Act read with Regulation 25(i), 26(xi) and 26(xvi) of Broker Regulations?
    III. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

15. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions alleged to have been violated by Noticee and the same is reproduced below:

    ***SEBI Act*:**

    "Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

    12A. No person shall directly or indirectly –

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

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

PFUTP Regulations

*Regulation 3: Prohibition of certain dealings in securiti*es

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 thereunder;

(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 thereunder

……"

Regulation 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:—

(e)Any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities.

Regulation 9 of Broker Regulations

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and

Schedule- II of Broker Regulations

Code of Conduct for Stock Brokers

A. General

1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business

3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.

4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

Issue I : Whether the Noticee has violated the provisions of Sections 12A(a), (b) and (c) of SEBI Act and Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (e) of PFUTP Regulations and Clauses A(1) to A(4) of Code of Conduct, Schedule II under Regulation 9(f) of Broker Regulations?

16. From the material available on record, I note that subsequent to the Initial Public Offer (IPO) and listing of shares of ICICIGI on 27 September 2017, FAL was holding 44,978,770 (i.e. 9.90%) shares of ICICIGI till September 25, 2019. FAL has been classified as a public shareholder of ICICIGI since the IPO. I note from an email dated December 17, 2020, from FAL to SEBI that subsequent to release of Lock-in period, FAL wanted to reduce its shareholding in ICICIGI and accordingly, approached Noticee for selling upto 2,26,75,380 equity shares of ICICIGI at a minimum selling price of Rs. 1125 per share.

17. I note that during the investigation period, FAL traded on a single day i.e. on September 26, 2019 on BSE in cash segment. The trades carried out by FAL on September 26, 2019 during the entire day and during the time period, 13:45 to 14:00 hours on the same day, are given below:

i. **For full day on September 26, 2019:**

Client name	Buy Traded Qty	%Buytq	Sell Traded Qty	%Sell qty.
FAL Corporation Ltd	0	0	2,26,75,380	96.89
Total	0	0	2,26,75,380	96.89
Market total	**2,34,03,413**	**100**	**2,34,03,413**	**100**

From the above table, I note that FAL contributed 96.89% to sell volume on September 26, 2019.

ii. **During 13:45 to 14:00 hours on September 26, 2019**

Client name	Buy Traded Qty	%Buy q	Sell Traded Qty.	%Sell qty.
FAL Corporation Ltd	0	0	13,61,895	92.97
Total	0	0	13,61,895	92.97
Market total	**14,64,873**	**100**	**14,64,873**	**100**

From the above table, I note that FAL contributed 92.97% to sell volume during the time period 13:45 to 14:00 hours.

18. As noted earlier, Noticee was approached by FAL to sell up to 4.99% of shares of ICICIGI at a price not lower than Rs. 1125 per share. I find that Noticee in its reply has also accepted that FAL had specifically instructed Noticee to sell the shares at a minimum price of Rs.1125 per share. Noticee has further stated that SBI Mutual Fund, the Anchor Buyer, had intended to buy the shares of ICICIGI at the floor price i.e. Rs.1125 per share with an indicative interest of Rs.930 crores and that others buyers also agreed to trade at the same price.

19. I observe from records that Noticee had placed sell orders in the scrip of ICICIGI on the BSE platform in its cash segment on September 26, 2019 between 13:59 hours and 14:00 hours. I observe from the trade log and order log that before the first trade by Noticee in the cash segment of BSE on September 26, 2019, the Last Traded Price (**LTP**) of ICICIGI shares was hovering at Rs.1165.10.

20. From perusal of available records, I note the following analysis of all the trades executed by Noticee on behalf of its client, FAL in cash segment on BSE and the impact on the ‘net LTP’ by considering all trades executed on September 26,2019, during the time period 13:45 hours to 14:00 hours (hereinafter also referred to as “**Reference Period**”) as depicted in the following table:

Client name	**All trades**			**Positive LTP trades**			**Negative LTP trades**			**Zero LTP trades**		
	Ltp Rate	**Traded Qty**	**No Trades**	**Ltp Rate**	**Traded Qty**	**No Trades**	**Ltp Rate**	**Traded Qty**	**No Trades**	**Traded Qty**	**No Trades**	**%Ltp**
FAL	-141.95	13,61,895	830	157.25	921	13	-299.20	5,29,762	385	8,31,212	432	57.97
Total	-141.95	13,61,895	830	157.25	921	13	-299.20	5,29,762	385	8,31,212	432	57.97
Market total	**-7.90**	**14,64,873**	**2834**	**508.20**	**8567**	**347**	**-516.10**	**5,54,436**	**919**	**9,01,870**	**1568**	**100.00**

21. From the above table, I observe that out of a total of 830 trades, Noticee contributed Rs. 299.20 to negative LTP in 385 trades and contributed to positive LTP of Rs. 157.25 in only 13 trades, remaining 432 trades contributing to zero LTP. When combined, Noticee contributed Rs.141.95 to net negative LTP in 830 trades. Despite the fact that Noticee executed trades on zero and positive LTP on behalf of its client, the ‘net LTP’ contribution made by all the trades executed by Noticee together cannot be ignored. In other words, out of the total market

negative LTP of Rs. 516.10 that occurred in the scrip of ICICIGI on September 26, 2019 during the reference period, it was the trades by Noticee that caused negative LTP contribution of Rs. 299.20, which comes to 57.97% of the total market negative LTP.

22. I observe from the trade log and order log that Noticee placed 18 limit orders during 13:59:10 to 13:59:11 hrs. to sell a total of 13,61,895 shares at Rs.1125 when the LTP was Rs.1165.10. The top five orders contributing negative LTP of Rs. 95.10 (i.e. 32% of negative LTP contributed by Noticee) are as under:

Top 5 orders contributing negative LTP

Order Time	Order No.	Best Bid Price	Best Ask Price	Order Quantity of pending bid orders	Order Quantity of pending ask orders	Negative LTP Contribution	Avg Trade Rate	Counter Party Orders	Trade Price Range
13:59:10.780 023	15694686000243 11405	1157.40	1159.40	67,21,388	1,76,785	-21.15	1146.84	39	1136.25 - 1155.20
13:59:10.511 678	15694686000243 10708	1165.30	1166.30	74,55,056	1,62,588	-19.75	1157.67	92	1145.55-1165.25
13:59:11.076 816	15694686000243 12929	1151.40	1153.30	60,89,957	1,76,123	-19.40	1145.45	8	1132-1151.11
13:59:10.529 966	15694686000243 10793	1161.60	1165.80	73,74,028	1,59,421	-17.65	1156.57	44	1145-1161.60
13:59:10.839 603	15694686000243 12759	1151.75	1154.80	66,41,937	1,77,837	-17.15	1139.93	17	1135.25-1151.75

23. From the above, I note that there was buying pressure in the scrip of ICICIGI, i.e., pending buy orders were 40 times of the pending sell orders. However, Noticee placed limit sell order in last one minute of the reference period at Rs 1125 when the best bid price was ranging from Rs. 1151 to Rs. 1165. This resulted in execution of trades in the average price range of Rs 1139.93 to Rs.1157.67.

24. Noticee, in its reply, has contended that as per the SCN, out of the total of 830 executed by Noticee in the cash segment, there were 430 zero Last Traded Price (**LTP**) trades and 13 positive LTP trades besides 385 negative LTP trades. It has also been contented that the quantity involved in zero LTP trades was 8,31,212 and in positive LTP trades, was 921 as against the quantity of 5,29,762 shares in negative LTP trades. Noticee, in its reply, has thus contended that the number of zero and positive LTP trades as well as the quantity of shares involved in such

trades was substantially higher than that of the negative LTP trades. In this regard, I note that Noticee has tried to highlight the fact that number of trades at zero and positive LTP were more than those with negative LTP which is also demonstrated by the traded quantity which is higher for trades at zero and positive LTP than those with negative LTP. However, apart from drawing attention to a mere factual position, Noticee has not provided any reasoning for the substantial number trades at negative LTP which were higher than those with positive LTP. When such a substantial amount of market negative LTP contribution is noticed by an explicit act of manipulative trades executed by Noticee on behalf of its client FAL, the other non-negative LTP contributing trades of the Noticee will not have any strength to outweigh those allegedly manipulative trades which have been executed in a fraudulent in nature to artificially reduce the price of the scrip.

25. I further note that in its submissions, Noticee has tried to rely on the fact that its trades at zero LTP were substantially higher than its trades at negative LTP in the shares of ICICIGI. In this regard, I observe that when Noticee placed the limit sell order of a large quantity of shares, i.e. in excess of 13 lakh shares, there were many pending buy orders at different price points. I note that there is a possibility that a single sell order will get executed with several buyers at the same price. In the instant matter, I observe from the trade log that after the limit order was placed by Noticee, in majority of the trades, the sell order first got executed at a price lower than the LTP which contributed to the negative LTP in the scrip, and thereafter, the same sell order got executed with different counterparties with the lower LTP established in the previous trade which resulted in zero LTP contribution. A large number of zero LTP trades have got executed in this manner. As an illustration, sell order no. 1569468600024310708 placed by the Noticee got executed in 176 different trades (1 positive LTP trade, 83 zero LTP trades and 92 negative LTP trades) and it seen that the sell order intermittently got executed into trades with several buy orders at zero LTP as shown below -

SELL ORDER_NO	BUY ORDER_NO	SELL_ORDER_TIME	ORDER_TIME	TRADE_TIME	TRADE_RATE	LTP_RATE	BUY_LMRATE	SELL_ORDER_LMRATE
1569468600024310708	1569468600024065681	13:59:10.511678	09:47:25.372432	13:59:10.511678	1150.00	-0.5	1150	1125

SELL ORDER_NO	BUY ORDER_NO	SELL_ORDER _TIME	ORDER_TIME	TRADE_TIME	TRADE_RATE	LTP_RATE	BUY_LM RATE	SELL_ORDER_LMRATE
	1569468600024097492		09:52:38.989594	13:59:10.511678	1150.00	0	1150	1125
	1569468600024101151		09:53:30.356049	13:59:10.511678	1150.00	0	1150	1125
	1569468600024102233		09:53:45.536641	13:59:10.511678	1150.00	0	1150	1125
	1569468600024102857		09:53:59.261215	13:59:10.511678	1150.00	0	1150	1125
	1569468600024104346		09:54:37.070751	13:59:10.511678	1150.00	0	1150	1125
	1569468600024105260		09:55:56.997100	13:59:10.511678	1150.00	0	1150	1125
	1569468600024108098		09:57:03.984376	13:59:10.511678	1150.00	0	1150	1125
	1569468600024113385		09:58:29.082075	13:59:10.511678	1150.00	0	1150	1125
	1569468600024113536		09:58:39.506070	13:59:10.511678	1150.00	0	1150	1125
	1569468600024113550		09:58:39.874089	13:59:10.511678	1150.00	0	1150	1125
	1569468600024114772		10:00:36.800404	13:59:10.511678	1150.00	0	1150	1125
	1569468600024116822		10:02:10.053074	13:59:10.511678	1150.00	0	1150	1125

26. It therefore appears that the large quantity of trades executed ostensibly at zero LTP were, in fact, happening at a prior negative LTP established in the trading on account of the limit order placed by Noticee at a price much lower than the prevailing market price. As such, even though such trades were technically at zero LTP, in reality, such ostensible zero LTP had been established at a progressively lower prices due the limit orders placed by Noticee. Therefore, I am not inclined to accept the contention of Noticee that no fault can be found with it since the no. of trades/traded quantity executed at zero LTP were more than no. of trades/traded quantity executed negative LTP.

27. Noticee has further contended that the trades were executed at a price higher than Rs.1125, i.e., the minimum price the Noticee's client expected and the limit order was a lower limit on price and therefore, this can't be seen as an attempt to lower the price and also sell orders which were limit orders were absorbed by the market automatically within seconds which shows that the scrip was highly liquid and could not have been manipulated. From the above pattern of trades executed by Noticee, I note that when the Noticee entered into the market to sell the shares of

ICICIGI on behalf of FAL, the best bid price, admittedly, was ranging from Rs. 1151 to Rs. 1165 and there was a huge buying pressure, in that pending buy orders were almost 40 times that of pending sell orders. However, Noticee still chose to place sell orders in huge quantities at prices lower than the prices being demanded by the buyers, i.e., the limit orders were placed by Noticee at price far lower than the prevailing market price at that point of time. It is a common knowledge that at any given point of time, the trading system of the stock exchange reflects the best 5 sell/buy orders and the quantities offered in such orders. When a person can easily see that a certain number of shares are available in the market at a particular price point, a reasonable and prudent approach of a seller would be to sell the shares at the available market price or at a higher price. However, in the present case, I note that despite availability of significant quantity of shares at higher prices which were visible on the trading system, Noticee deliberately placed the limit orders to sell the shares of ICICIGI at lower prices, thus contributing to the negative LTP of 57.97%. It is clear that Noticee intentionally chose to place the sell orders at prices far lower than the LTP to manipulate the price downwards and achieve the desired reference price for the block deal so as to accommodate the counterparties in the block deal. Therefore, I do not find merit in the aforesaid contentions of Noticee.

28. Noticee, in its reply, has also contended that with a view to ensure FAL's exit from a particular scrip, an investor may opt for selling the shares at a price below the LTP, and such sale cannot be viewed as a non-genuine fraudulent or manipulative trade. Noticee has further contended that since FAL had instructed Noticee to sell 2,26,75,380 shares of ICICIGI at a minimum price of Rs.1125 per share, the decision to sell the shares was the sole discretion of FAL and Noticee was obligated to implement such decision and therefore, Noticee had merely acted upon the client's instructions and did not act without instructions or on its own or go against the instructions of FAL. I note that it is not the case of Noticee that its client had instructed it to bring down/ manipulate the price during the reference period, so as to influence the VWAP (also referred to as "**reference price**") for the Block Deal Window. From the material available on record, I note that FAL was not involved in the price negotiations and all the negotiations for the price had

happened between Noticee and the institutional buyer(s). That being the case, I do not find merit in Noticee's contention that it was only acting on its client's instructions.

29. In addition to above, Noticee has also stated that assuming there were pending buy orders in the range of Rs.1139.93 to Rs. 1157.67 in the scrip, the same does not mean that a sell order below the said range would be illegal. I note that instructions from FAL was not to sell the shares at a price lower than the minimum price of Rs.1125 per share and any prudent sell decision would mean that sell orders would be placed near to the available buy orders in the system. So, in the instant matter, when buy orders were available in the range of Rs.1139.93 to Rs.1157.67 on the day of impugned trades, I do not find any reason for Noticee to place the sell order far below the prevailing price, unless the same was done with a manipulative intent. I note that the price of Rs.1139.93 to Rs. 1157.67 are far above the minimum selling price of Rs.1125 as specified by FAL. However, I find that Noticee did not place any orders at the higher prices which the buyers were willing to execute but placed orders at prices far lower than the available buy orders which clearly demonstrates manipulative intent on the part of Noticee in executing the impugned trades. Hence, I do not find merit in the said contentions of the Noticee.

30. I note from the material available on record that the closing price on September 25, 2019 i.e., a day before the Block Deal, was Rs 1173.55. From perusal of the email dated February 13, 2022 from Noticee to SEBI, I note that Noticee stated that on the same day, Noticee negotiated with the buyer, SBI Mutual Fund and offered shares of ICICIGI at a discount of around 4% in the block deal on the following day i.e. September 26, 2019. I also note from Noticee's own reply that that SBI Mutual Fund had agreed to buy the shares at Rs.1125 each with an indicative interest of Rs.930 crore.

31. At this juncture, it is pertinent to refer to the provisions relating to Block Deal window on the BSE. I note that as per detailed Consolidated Circular of NSE dated

May 27, 2020 (applicable to BSE also), Block Trading Session is allowed as per the details below:

(i) Morning Window - This window operates between 08:45 AM to 09:00 AM

(ii) Afternoon - This window operates between 02:05 PM to 2:20 PM

(iii) Minimum order size for execution of trades in the Block deal window is Rs.10 cr.

(iv) Reference price –

a. Morning Block Deal Window (First session): The reference price for execution of block deal in first session is the previous close price or adjusted close price / base price of the security. Note: New security (security trading in special preopen session i.e. IPO and Relisted security) are eligible only in second session of block deal window on listing day, subject to successful price discovery. Post price discovery, base price is discovered price.

b. Afternoon Block Deal Window (Second session): The reference price for block deals in this window is the volume weighted average price (VWAP) of the trades executed in the security in the cash segment between 01:45 PM to 02:00 PM. In case no trades are executed in the security in the cash segment between 01:45 PM to 02:00 PM, the reference price shall be considered as follows:

- VWAP based on trades executed in the security between 9:00 am to 1:45 pm is taken as reference price. For the computation of VWAP, the trades of pre-open / special pre-open session as the case may be, are also considered.
- In case VWAP is not available as per above, then the previous day's adjusted close price /base price is considered as reference price.

(v) Price - The orders placed have to be within ±1% of the applicable reference price in the respective windows as stated above.

32. I observe from the material available on record that on September 26, 2019, the VWAP of ICICIGI shares during the period 9:00:00 to 13:59:10:511677 hours, (i.e., just before the first sell order placed by Noticee) was Rs.1159.92 and the price of shares of ICICIGI ranged between Rs.1141.20 to Rs.1191.05 with a volume of

only 77,600 shares. Before the first sell order placed by Noticee on September 26, 2019 at 13:59:10.511678 hours, during the period 13:45:00 to 13:59:10.511677, the VWAP of ICICIGI was Rs.1165.28 and the price of ICICIGI shares ranged between Rs.1160.90 to Rs.1166.20 with traded volume of only 692 shares.

33. However, on September 26, 2019, after the first sell order placed by Noticee at 13:59:10.511678 hours, and during the time from 13:59:10.511678 to 14:00:00 hrs, the price of ICICIGI ranged between Rs.1132 to Rs.1165.30 with volume of 13,84,181 shares. Thus, during the reference period, the VWAP of ICICIGI shares, i.e. for the purpose of Afternoon Block Deal Window Session, reduced to Rs.1140.33. I also observe that the Noticee, acting on behalf of FAL, contributed to 92.97% to the total volume of trades in ICICIGI shares during the reference period, by placing sell orders of quantity of 13,61,895 shares at much lower price than the prevailing market price, thereby contributing Rs.1139.46 towards reduction of VWAP of ICICIGI shares. This order quantity of 13,61,895 shares was about 17.55 times of the shares which were traded (i.e., 77600 shares) during the day before these orders were placed by Noticee.

34. On the basis of aforementioned analysis, I find that by selling in excess of 13.6 lakh shares of ICICIGI, i.e., in excess of 90% of total trading volume of ICICIGI in the cash segment of BSE during the reference period and that too at a far lower price than the prevailing market price, Noticee ensured that VWAP could be reduced at the desired level for the subsequent block deal. It is evident from the above findings that with the intention to manipulate the VWAP, Noticee first sold part of total shareholding (6%) of FAL in ICICIGI in the cash segment at a particular price so as to be able to achieve the desired VWAP for the purpose of selling the balance 94% of FAL's shareholding in ICICIGI to the institutional buyers, as per their indicative interest. The pattern of trading resorted to by Noticee indicates that Noticee waited till the last one minute (in the reference period) before placing the first sell order, so as to be able to gauge the volume of trades in the ICICIGI shares till then, which turned out be a meagre 77600 shares, allowing Noticee to sell the requisite quantity of ICICIGI shares for the purpose of manipulating the price of ICICIGI shares in the reference period which Noticee achieved by selling huge

quantities of ICICIGI shares (above 90% of total traded volume) at prices lower than the prevailing market price. Through such manipulation, Noticee influenced the price of ICICIGI shares significantly so as to bring down the VWAP to Rs.1140.33 so that when Noticee subsequently entered into the Block Deal for sale of remaining 2,13,13,485 shares of ICICIGI in the Afternoon Block Deal Window Session, the block deal got executed at within +/- 1% of the reference price i.e. Rs.1129.05, which was the price agreed upon with the institutional buyers previously. The aforementioned intent to manipulate the price of the scrip before the start of Afternoon Block Deal Window Session would, therefore, require Noticee to trade in the cash segment during the reference period. Thus, I find the no merits in the Noticee's contention that it could have sold the 6% block at any time during the day, including even after the block deal window but it was fortuitous that it was sold before the block deal window, which was benign and without any manipulative intent.

35. I observe from records that September 26, 2019, during the Afternoon Block Deal Window Session, i.e., between 14:05 to 14:20 hours, the shares of ICICIGI were acquired by the following entities at a price of Rs.1129.05, as per details given hereunder:-

Sl. No	Buyer	Buyer Broker	Trade Quantity	Trade Price (Rs.)	Trade Value (Rs.)
1.	SBI Mutual Fund	IIFL Securities Ltd	80,00,000	1129.05	9,03,24,00,000
2.	Baillie Gifford Gifford Diversified Growth Fund		34,29,975	1129.05	3,87,26,13,274
3.	Aditya Birla Sun Life Mutual Fund		14,50,000	1129.05	1,63,71,22,500
4.	ICICI Prudential Mutual Fund		10,50,000	1129.05	1,18,55,02,500
5.	PCA India Infrastructure Equity Open Limited		9,50,000	1129.05	1,07,25,97,500

Sl. No	Buyer	Buyer Broker	Trade Quantity	Trade Price (Rs.)	Trade Value (Rs.)
6.	Reliance Mutual Fund		8,50,000	1129.05	95,96,92,500
7.	FID Funds Mauritius Limited		7,58,510	1129.05	85,63,95,716
8.	Canara Robeco Mutual Fund		6,75,000	1129.05	76,21,08,750
9.	UTI Mutual Fund		3,80,000	1129.05	42,90,39,000
10.	Tata AIG Life Insurance Co Ltd		3,50,000	1129.05	39,51,67,500
11.	Pictetcountry Fund Mauritius Ltd.		3,10,000	1129.05	35,00,05,500
12.	LT Mutual Fund		2,80,000	1129.05	31,61,34,000
13.	Goldman Sachs Investments Mauritius I Limited		2,50,000	1129.05	28,22,62,500
14.	Sundaram Mutual Fund		2,50,000	1129.05	28,22,62,500
15.	Aurigin Master Fund Limited		2,50,000	1129.05	28,22,62,500
16.	Standard Chartered Mutual Fund		2,30,000	1129.05	25,96,81,500
17.	Kuwait Investment Authority		2,00,000	1129.05	22,58,10,000
18.	Reliance Nippon Life Insurance Company Limited		1,50,000	1129.05	16,93,57,500
19.	Amundi Funds Equity Asia Ex-Japan	Macquarie Capital Securities (India) Pvt. Ltd.	15,00,000	1129.05	1,69,35,75,000
	Total		**2,13,13,485**		**24,06,39,90,239**

36. Therefore, on the basis of the aforesaid analysis and preponderance of probabilities, it is concluded that in order to carry out the block deal at the price

range committed to SBI Mutual Fund and other institutional buyers, Noticee manipulated the price of ICICIGI shares downwards so that the VWAP for the block deal to be executed in the Afternoon Block Deal Window Session, after adjusting for ±1% of the applicable reference price in terms of the aforesaid circular, fell within the range desired by SBI Mutual Fund and other institutional buyers. Such pattern of trading, as demonstrated by Noticee, clearly indicates manipulative intent on the part of Noticee to drive down the price of the scrip in the cash segment before the start of Afternoon Block Deal window on BSE, so as to manipulate the resultant VWAP on that day, in order to fulfill the commitment provided by Noticee to SBI Mutual Fund and other institutional buyer for acquiring the shares of ICICIGI from FAL at the agreed price.

37. Noticee has further contended that the trades undertaken by them in the scrip is on anonymous trading platform of the exchange and therefore they were not aware of the counterparty to their trades and that their trades were within the realms of functioning of a stock exchange. Accordingly, Noticee has contended that to establish a manipulative, fraudulent or deceptive transactions or schemes, involvement a connection between the broker, buyer and the seller and prior meeting of minds must be established. Noticee, in his submission, has denied any connection or relations with the counterparties, stating that without establishing this connection charge of manipulative trade cannot be sustained. In this regard, I note that the charge against Noticee is not that it was trading with known counterparties, rather the allegation is that Noticee manipulated the reference price for the Block Deal Window. As established above, the pattern of trading by Noticee and substantial contribution towards negative LTP in the scrip clearly demonstrates the manipulative practice adopted by Noticee in the stock exchange platform to carry out the impugned trades with the aim to manipulate price of the scrip downwards. I find that the aforesaid trading pattern of Noticee itself proves beyond all reasonable doubts, the manipulation being carried out by Noticee on the trading platform of exchange. Therefore, I find this contention of Noticee to be untenable.

38. Noticee, in its reply, also has contended that VWAP price is calculated as per SEBI circular, after 5 minutes of the trade and made available between 14:00 and 14:05 by the Stock Exchanges and the VWAP was not a publicly known fact for Noticee to take advantage of it and known how to manipulate. Noticee has further contended that it did not have any idea that the trades executed between 13:59:10 and 13:59:11, would have had an impact on VWAP. In this regard, on perusal of para 3.2 of SEBI Circular CIR/MRD/DP/118/2017 dated October 26, 2017, I note that stock exchanges have to calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals within a specific time frame. Para 3.2 of aforesaid circular is states that:-

"Para 3.2 Afternoon Block Deal Window: - This window shall operate between 02:05 PM to 2:20 PM. The reference price for block deals in this window shall be the volume weighted average market price (VWAP) of the trades executed in the stock in the cash segment between 01:45 PM to 02:00 PM. Between the period 02:00 pm to 02:05 pm, the stock exchanges shall calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals in the Afternoon block deal window."

39. Thus, in view of the above, I note that the modality of calculation of the reference price for the Afternoon Block Deal Window Session is clearly specified in the aforesaid circular and the VWAP required to be disseminated to the public by 14:05 hours by the Stock Exchanges. I note from the records that the Block Deal in the shares of ICICIGI was executed by Noticee during the period 14:09 hours to 14:18 hours on September 26, 2019, i.e., much after the dissemination of VWAP in the scrip of ICICIGI on that day. Therefore, the VWAP of shares of ICICIGI on September 26, 2019 was very much in the knowledge of Noticee, contrary to their contention.

40. Noticee, in its reply, has further contended that it has not violated Regulation 4(2)(f) and 4(2)(r) of PFTUP Regulations. In this regard, I note that the charge levelled against Noticee in the SCN is not of violation of Regulation 4(2)(f) and 4(2)(r) of PFUTP Regulations.

41. Noticee has contended that judgment of Hon'ble Supreme Court in *SEBI vs. Rakhi Trading* holds that intentional trading for a loss per is not a genuine trade and the trades in that case were reversed. Notice has also contended that there is no allegation of circular trades or reversal trades. In this regard, I note that no such allegation has been made in the present case and hence, the contentions of Noticee in this regard are not relevant.

42. Noticee has also contended that for proving the charge of fraudulent or manipulative practice, it is necessary to prove the *mens rea* or intention to commit such violation. Noticee has further contended that the SCN does not allege any *mens rea* or intention to impact the reference price or manipulated the market. In support of its contention, Noticee has quoted the judgment of *Ketan Parekh Vs SEBI (2006) and Shubhkam Securities Private Limited Vs SEBI,* wherein Hon'ble Supreme Court held that synchronized trades per se are not illegal, and that only when it is proved that synchronized trades were carried out with intention to manipulate the market the provision of PFUTP Regulations get attracted. In this regard, I find that intention of Noticee has clearly been established in the earlier part of the order wherein it has been established that Noticee manipulated the price of the scrip of ICICIGI in the cash segment of BSE with the intention to influence the VWAP for the block deal to accommodate the institutional buyers. Hence, I find no merit in the contention raised by Noticee.

43. It is also contended that the basic ingredient of fraud is missing in this case and no material in support of allegation is available on record and that in the SCN, there is neither any allegation nor any evidence to show that the Noticee had induced any party and thereby played a fraud in the securities market. Noticee has, in support of this contention, quoted that decision of Hon'ble Supreme Court in the matter of *SEBI Vs Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1 (para 31)* where it has been held that the element of "inducement" must exist and should be proved before holding that a person is guilty of fraud. Noticee has therefore contented that in the absence of any such evidence, the charge of fraud is not

proved and the provisions of Regulations 3 and 4 of PFUTP Regulations are not attracted.

44. I note that Sections 12A(a), 12A (b) and 12 A(c) of SEBI Act and provisions of Regulation 3 (b), (c), (d) of the PFUTP Regulations are taken verbatim from the provisions of section 12A (a), (b) and (c) of the SEBI Act. Section 12A of the SEBI Act, *inter- alia*, mandates that no person shall directly or indirectly employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange. Regulation 3(a) of the PFUTP Regulations also prohibits buying, selling or dealing in securities in a fraudulent manner. Regulation 4(1) of the PFUTP Regulations provides that no person shall indulge in a fraudulent or an unfair trade practice in securities.

45. The definition of fraud, as provided in Regulation 2(1)(c) of PFUTP Regulations provides that "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss.

46. In the aforesaid matter of *SEBI Vs Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1 (para 8),* Hon'ble Supreme Court has also held that, *"….. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required."* In the matter of *SEBI vs. Rakhi Trading Private Ltd.(Supra),* the Hon'ble Supreme Court had recognized that, "…. *if the factum of manipulation is established, it will necessarily follow that the investors in the market have been induced to buy or sell and that no further proof in this regard is required. Further, the market is so widespread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and the Board cannot be imposed with a burden which*

is impossible to be discharged." In the aforesaid matter, Hon'ble Supreme Court further held that *"Having regard to the fact that the dealings in the stock exchange are governed by the principles of fair play and transparency, one does not have to labour much on the meaning of unfair trade practices in securities. Contextually and in simple words, it means a practice which does not conform to the fair and transparent principles of trades in the stock market."*

47. Further, I note that the Hon'ble Supreme Court in its Order dated April 26, 2013 in the matter of *N. Narayanan vs Adjudicating Officer, SEBI*, has laid down that:

    "……….Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the "creation of artificiality".

48. Considering the afore stated facts and circumstances of this case and placing reliance on the above judgments, I find that the trades executed by Noticee on behalf of its client FAL were fraudulent and were carried out with the intention to manipulate the price of ICICIGI shares for the purpose of influencing the VWAP for the subsequent block deal transactions. Therefore, the allegation that Noticee has violated Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and 4(1) & 4(2) (e) of PFUTP Regulations stands established.

49. I find that in terms of Clauses A(1) and A(2) of code of conduct as specified in Schedule-II read with Regulation 9(f) of Broker Regulations, Noticee, being a broker, has to maintain high standards of integrity and fairness and act with due skill, care and diligence at all times. By carrying out the manipulative trades on behalf of FAL, as mentioned hereinabove, I find that Noticee has failed to demonstrate integrity and due care and diligence in respect of the impugned transactions in the shares of ICICIGI carried out by it on behalf of FAL and thereby violated Clauses A(1) and A(2) of Code of Conduct as specified in Schedule-II read with Regulation 9(f) of Broker Regulations. Further, I find that by indulging in the manipulative and fraudulent trades, Noticee has interfered in the price discovery mechanism of the stock exchange platform leading to creation of a false market which is detrimental to investors' interests. Therefore, it is established that Noticee has violated Clauses A (3) and A (4) of Code of Conduct as specified in Schedule-II read with Regulation 9(f) of Broker Regulations.

Issue II: Do the violations, if established, attract monetary penalty under Section 15HA and Section 15HB read with Regulations 25(i), 26(xi) and 26(xvi) of Broker Regulations?

50. In this regard, I note that the Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Ram Mutual Fund held that "*once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow*."

51. In view of the foregoing and placing reliance on the aforesaid judgement, I note that the violation of Sections 12A(a),(b),(c) of the SEBI Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (e) of PFUTP Regulations and Clauses A(1) to A(4) of Code of Conduct as specified under Schedule-II read with Regulation 9 (f) of Broker Regulation by Noticee make him liable for penalty under Section 15HA of SEBI Act and Section 15HB of SEBI Act read with Regulations 25(i), 26(xi) and

26(xvi) of Broker Regulations respectively, which at the relevant time of commission of violations, read as under:

SEBI Act

Penalty for fraudulent and unfair trade practices

Section 15HA of SEBI Act:- *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.*

Section 15HB of SEBI Act: - *Penalty for contravention where no separate penalty has been provided: Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Broker Regulations

Regulation **25***: A stock broker who contravenes any of the provisions of the Act, rules or regulations framed thereunder shall be liable for any one or more of the following actions:*

(i) *Monetary penalty under Chapter VIA of the Act.*

Regulation 26*: A stock broker shall be liable for monetary penalty in respect of the following violations, namely*

XI) Indulging in fraudulent and unfair trade practice relating to securities

…….

XVI) failure to exercise due skill, care and diligence

<u>Issue III: 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, 1992?</u>

52. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the *Adjudication* Rules, require that while adjudging the quantum of penalty, 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.

53. In the present matter, it is noted that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee. Further, from the material available on record, it is not be possible to ascertain the exact monetary loss to the investors /clients on account of default by Noticee. As regards the repetitive nature of the default, I do not find that Investigation has brought on record any regulatory action taken by SEBI in past against Noticee for same violations as those observed in the instant investigation except in the matter of Saint Gobain Sekurit India Ltd., wherein SEBI had imposed a penalty of Rs. 3,00,000 under Section 15HB of SEBI Act on Noticee, for the violation of Clause A(2) of Code of Conduct as specified in Schedule-II read with Regulation 9(f) of Broker Regulation.

54. I note that in the matter of ***SEBI vs Kishore R. Ajmera***, ***(supra)*** the Hon'ble Supreme Court observed that:

    "The SEBI Act and the Regulations framed there under are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the Capital/Securities Market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of

impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide an environment conductive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light".

55. It has been established that Noticee has manipulated the price and volume of the scrip of ICICIGI. I am of the view that such acts of price and volume manipulation in scrips, violate the fundamental tenets of market integrity. Such acts of Noticee, if dealt with lightly, could seriously undermine investors' confidence in the securities market and therefore, deserve suitable penalty commensurate with such serious violations.

ORDER

56. Having considered all the facts and circumstances of the case, the material available on record, and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalty on Noticee, viz. M/s. IIFL Securities Limited -

Sr. No.	**Penalty**	**Under the provisions of**
1	Rs. 20,00,000/- (Rupees Twenty Lakh only)	Section 15HA of SEBI Act
2	Rs. 5,00,000/-(Rupees Five Lakh only)	Section 15HB of SEBI Act read with Regulations 25(i), 26(xi) and 26(xvi) of Broker Regulations
Total	Rs. 25,00,000/-(Rupees Twenty Five Lakh only)	

57. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

58. 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 through 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, Noticee may contact the support at portalhelp@sebi.gov.in.

59. Noticee shall forward said Demand Draft or the said confirmation of e-payment made in the format as given in table below which should be sent to "The Division Chief, EFD – DRA - 4, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051” and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

60. 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 of Noticee.

61. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee, Viz. M/s. IIFL Securities Limited and also to SEBI.

Date: July 29, 2022	**SOMA MAJUMDER**
Place: Mumbai	**Adjudicating Officer**