By Registered Post A.D.

DEPUTY GENERAL MANAGER & ADJUDICATING OFFICER

SEBI/HO/DEPA-II/DEPA-II_CRD/P/OW/2021/0000038412/1

December 29, 2021

Shyamal Kishore Agarwal [PAN: AFVPA3127Q]
4 Pipeline, Cholurpalya, Vijaynagar
Bangalore
Karnataka-560040
Mob: 3364500481

Subject: Adjudication Proceedings in respect of Shyamal Kishore Agarwal 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 by Adjudicating Officer) Rules, 1995

1. Securities and Exchange Board of India (hereinafter, referred to as "**SEBI**") has initiated adjudication proceedings in respect of **Shyamal Kishore Agarwal** (hereinafter, referred to as "**Noticee**"), bearing PAN – AFVPA3127Q, 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 September 20, 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 September 27, 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 01, 2014 to September 30, 2015 (hereinafter referred to as "**Investigation Period**").

4. 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.

5. 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 two such trades in one unique contract on February 24, 2015, which led to generation of alleged artificial volume of 2,96,000 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 in the Stock Options segment of BSE including details of all the reversal trades of the Noticee in the Stock Options Segment of BSE during investigation period are given in **Annexure B**.

6. The trades entered by the Noticee were reversed on the same day with same counterparty at a noticaeable 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.

7. A summary of dealings of Noticee in one Stock Options contract in which the said Noticee allegedly executed reversal trades during the investigation period, is as follows:-

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	JISL15MAR85.00CEW1	0.2	1,48,000	2.3	1,48,000	100%	3.91%

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

8. The abovementioned reversal trade and volumes are illustrated through the dealings of Noticee in the contract viz, "JISL15MAR85.00CEW1" during the investigation period, as follows: -

   (a) During the investigation period, two trades for 2,96,000 units were executed by the Noticee in the said contract on 24/02/2015.

   (b) While dealing in the said contract on 24/02/2015, at 10:10:45.059778 hrs the Noticee entered into a sell trade with counterparty Tejpal Ambalal Shah for 1,48,000 units at Rs. 2.3 per unit. At 10:30:07.734764 hrs the Noticee entered into a buy trade with the same counterparty, for 1,48,000 units at Rs. 0.2 per unit.

   (c) The Noticee's two trades while dealing in the above said contract during the investigation period allegedly generated artificial volume 2,96,000 units, which made up 3.91% of total market volume in the said contract during this period.

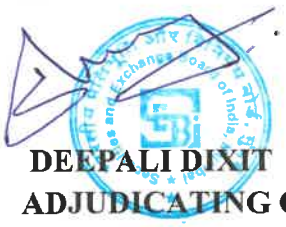
9. In view of the foregoing, it is alleged that Noticee, by indulging in execution of non-genuine reversal of trades in Stock Options with same entities on the same day, created false and misleading appearance of trading in stock options and therefore allegedly violated Regulation 3(a), (b), (c), (d),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

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

11. 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 by Adjudicating Officer) Rules, 1995 read with section 15 I of the SEBI Act, and why penalty should not be imposed section 15HA of the SEBI Act.

12. Your reply, if any, should reach the undersigned or through email at *deepalid@sebi.gov.in* and *kalyanih@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.

13. 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.



DEEPALI DIXIT
ADJUDICATING OFFICER

Enclosures: Documents relied upon are as follows: -

Annexure	Copy of relevant documents enclosed with this SCN	No. of pages
A	Communique dated September 27, 2021 appointing Adjudicating Officer	3
B	Details of all the trades of Noticee in Stock Options segment of BSE including details of all the reversal trades of the Noticee in Stock Options Segment of BSE during investigation period	1
C	Summary of dealings of Noticee in one Stock Options contract in which Noticee allegedly executed reversal trades during the investigation period	1

SECURITIES AND EXCHANGE BOARD OF INDIA

Order communicating appointment of Adjudicating Officer

1. Whereas, Securities and Exchange Board of India (**SEBI**) has conducted examination into the trading in options 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 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, vide Order dated September 20, 2021, appointed certain Division Chiefs as Adjudicating Officers to enquire into and adjudge under Section 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.

6. 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 for penalty, may impose penalty, as they think fit, in terms of Rule 5 of the SEBI Rules and provisions of Sections 15HA of the SEBI Act.

Dated at Mumbai, this 27th day September 2021.



BHAVANA RAVIKUMAR
GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure to AO Communique

Sr. No	PAN Number	Entity Name	AO Name
1	AFVPA3127Q	SHYAMAL KISHORE AGARWAL	Deepali Dixit



		Annexure B
TRADE_DATE	24/02/2015	24/02/2015
SCRIPCODE	826278	826278
PANNO	AMNPS1741F	AFVPA3127Q
CLIENTNAME	TEJPAL AMBALAL SHAH	SHYAMAL KISHORE AGRAWAL
CP_PANNO	AFVPA3127Q	AMNPS1741F
CP_CLIENTNAME	SHYAMAL KISHORE AGRAWAL	TEJPAL AMBALAL SHAH
ORDER_NO	1424749546934002011	1424749546934002024
CP_ORDER_NO	1424749546934002006	1424749546934002023
ORDER_TIME	10:10:45.059778	10:30:07.734764
CP_ORDER_TIME	10:07:51.100400	10:30:07.653815
TRADE_TIME	10:10:45.059778	10:30:07.815734
ORDER_LMTIME	10:10:45.059778	10:30:07.815734
CP_ORDER_LMTIME	10:07:51.100400	10:30:07.815701
TRADE_RATE	2.3	0.2
LTP_RATE	0	0
LTP_PERCENT	0	0
TRADE_VALUE	12920400	12609600
ORDER_RATE	2.3	0.2
CP_ORDER_RATE	2.3	0.2
ORDER_LMRATE	2.3	0.2
CP_ORDER_LMRATE	2.3	0.2
TRADED_QTY	148000	148000
ORDER_QTY	2072000	148000
CP_ORDER_QTY	148000	148000
ORDER_AVLQTY	2072000	148000
CP_ORDER_AVLQTY	148000	148000
ORDER_LMQTY	2072000	148000
CP_ORDER_LMQTY	148000	148000
MEMBER_NO	3135	6566
MEMBER_NAME	BEST BULL STOCK TRADING PVT.LTD.	KAYAN SECURITIES PVT. LTD.
OLD_CLIENT		
MODIFIED_CLIENT	BB714	AR250
CP_MEMBER_NO	6566	3135
CP_MEMBER_NAME	KAYAN SECURITIES PVT. LTD.	BEST BULL STOCK TRADING PVT.LTD.
CP_OLD_CLIENT		
CP_MODIFIED_CLIENT	AR250	BB714
TERMINALID	201	902
USER_NAME	JAY KUMAR MANOT	HARSHVARDHAN KAYAN
LOCATION_ADDRESS	MARTIN BURN BULDING ROOM NO 221 SECOND FLOOR KOLKATA WEST BENGAL 700001	1 R.N. MUKHERJEE ROAD, MARTIN BURN BUILDING, ROOM NO 319. KOLKATA WEST BENGAL 700001
CP_TEMINALID	902	201
CP_USER_NAME	HARSHVARDHAN KAYAN	JAY KUMAR MANOT
CP_LOCATION_ADDRESS	1 R.N. MUKHERJEE ROAD, MARTIN BURN BUILDING, ROOM NO 319. KOLKATA WEST BENGAL 700001	MARTIN BURN BULDING ROOM NO 221 SECOND FLOOR KOLKATA WEST BENGAL 700001
ORDER_AUD	A	A
CP_ORDER_AUD	A	A
ORDER_TYPE	L	L
CP_ORDER_TYPE	L	L
LOCATIONID	7000010190001001	7000010001001012
CP_LOCATIONID	7000010001001012	7000010190001001
SCRIPNAME	JISL15MAR85.00CEW1	JISL15MAR85.00CEW1
EXPIRY DATE	2015-03-05	2015-03-05
STRIKEPRICE	8500	8500
SERIES	EQD	EQD
MKT_TYPE	N	N

Annexure C

S. No.	PAN Number	Name	Artificial Volume	Non-Genuine Trades	Number of Contracts
1	AFVPA3127Q	SHYAMAL KISHORE AGARWAL	2,96,000	2	1